

14<sup>th</sup> November 2018

**Re: FOI request IDA/0334/FOI**

Dear Mr Foxe

I refer to your request to IDA Ireland dated 30<sup>th</sup> September 2018 which was received on 1<sup>st</sup> October 2018. Your request sought:

*- copies of any reports, briefings, memoranda, submissions, or other such review/explanatory documents prepared for IDA senior management or any government minister regarding the issue of housing shortages in Ireland. This request to cover period 1 Jan 2018 to date of receipt of this request.*

I, Catherine Slowey, have today made a final decision to grant your request.

#### **Rights of appeal**

If you are unhappy with this decision you may appeal it. In the event that you need to make such an appeal, you can do so by writing to the Freedom of Information Unit or by e-mail to [foiunit@ida.ie](mailto:foiunit@ida.ie). Your correspondence should include a fee of €30 for processing the appeal. Payment should be made by way of bank draft, money order, postal order or personal cheque made payable to IDA Ireland. If you wish to make payment by electronic means please contact Shirley Carter at [REDACTED]. You should make your appeal within 4 weeks from the date of this notification, where a day is defined as a working day excluding, the weekend and public holidays. However, the making of a late appeal may be permitted in appropriate circumstances. The appeal will involve a complete reconsideration of the matter by a more senior member of the staff of this body.

In the event that you need to make such an 'application for review' you can do so by writing to:

The Office of the Information Commissioner,

18 Lower Leeson Street,

Dublin, 2.

DO2 HE97

Should you write to the Information Commissioner making an appeal, please either refer to this letter or enclose a copy.

Alternatively you may appeal using the Office of the Information Commissioner on-line application form which can be located at:

<https://www.oic.gov.ie/en/apply-for-review/apply-for-review-online/>


If an appeal is made by you and accepted, the Information Commissioner will fully investigate and consider the matter and issue a fresh decision.

#### **Publication**

All non-personal FOI requests will be recorded on an FOI disclosure log which will be published on the IDA Ireland website in due course.

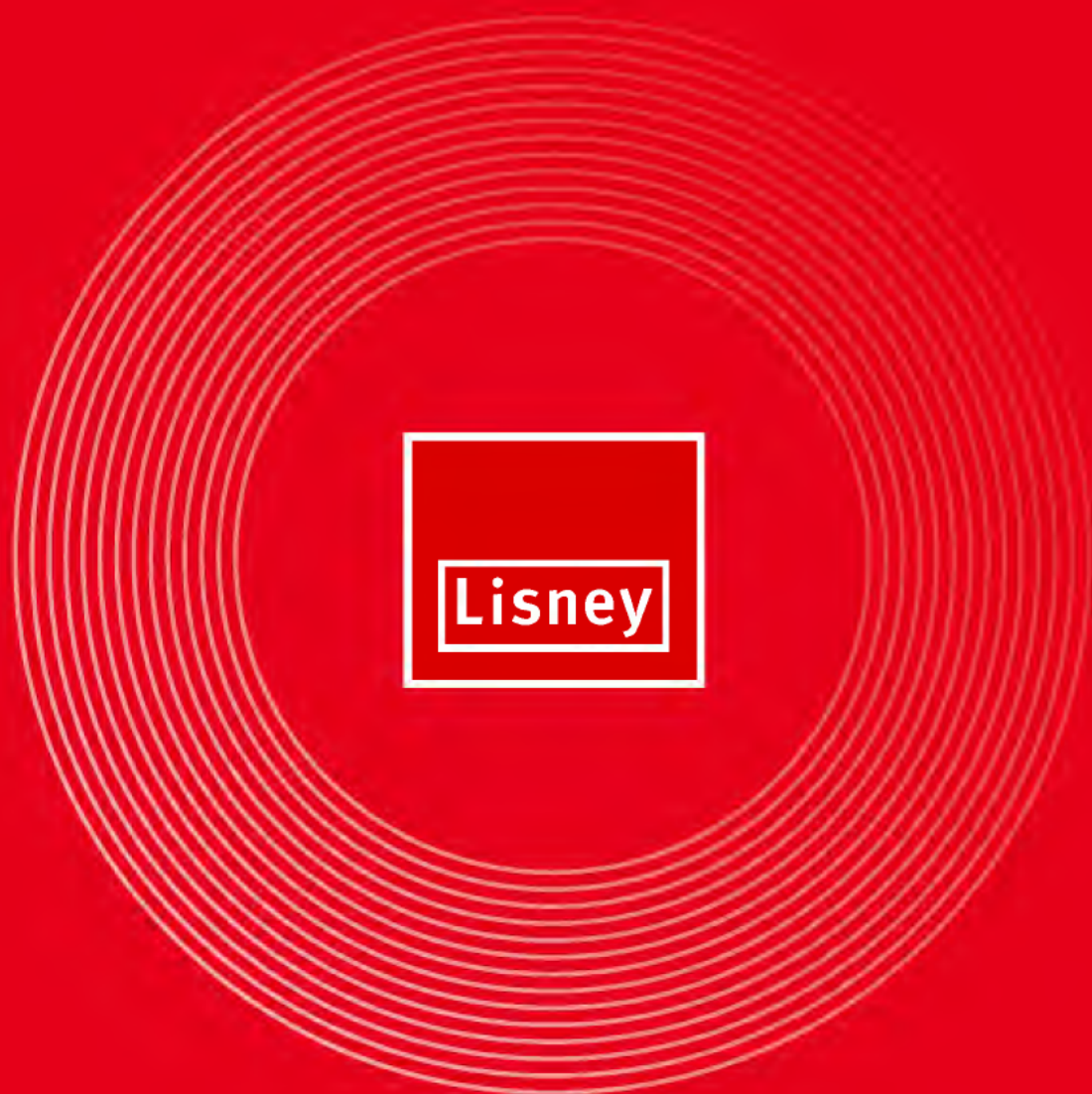
Should you wish to discuss the above, please contact me at 01 6034000 or Catherine.slowey@ida.ie.

Yours sincerely,



Catherine Slowey  
Decision Maker





## **Residential Property | Irish City Regions**

Prepared for: IDA  
February 2018



# Definitions

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## **Median Price**

Median price is the midpoint price of all dwellings transacted over the period in question. This is used as opposed to average prices as it provides a better measure in the Irish market given the relatively small size of the market and the distortions that can occur due to very large or very small transactions.

## **Eircode**

An Eircode is a smart location postcode for all Irish addresses, which identifies an individual address (rural or urban), and shows where it is located. Each location has a general Eircode and each individual address contains its own property unique Eircode.

Please note that 'Eircodes' are distinct from 'Postcodes', which are mentioned in the report in relation to Dublin. Traditionally in Dublin, the county was split into postcodes from Dublin 1 to Dublin 24, plus County Dublin for the remainder. When Eircodes were introduced in 2015, the traditional postcode remained in use but in conjunction with an Eircode.

## **Vacancy Rate**

The vacancy rate is the number of unoccupied habitable homes as a proportion of the total housing stock.



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## 1.1 Introduction

The Irish residential market has seen a significant change in underlying fundamentals in the past five years. Purchaser demand has increased considerably since 2012, and with a shortage of available properties, most notably in urban centres, this has led to price inflation. In spite of this, prices remain 24% below their previous cycle peak nationally.

The lack of supply in the sales market has also had an impact on the rental market. Rents have increased considerably from the bottom of the market. As a result, in December 2016, the government intervened and introduced rent predictability measures to limit increases.

Residential construction indicators are more positive of late, suggesting a continued increase in activity will occur in the coming years. The most recent data from the Department of Housing, Planning and Local Government shows that to the end of August 2017, national residential completions have increased by 29% on an annual basis. Commencement notices have increased by 45% over the same period. In the year to the end of June 2017, 5,750 units were granted planning permission nationally. Comparing this to 2013, when 73% fewer units were granted permission, highlights the improvements that have been made in addressing the supply imbalance, albeit increases are from a low base.

These indicators, combined with robust Irish economic current and forecast variables, suggest a better functioning residential market in Ireland over the coming years.

## 1.2 Sales Market

### 1.2.1 Overview

Following the collapse of the Irish residential property market in 2007, a new cycle of growth emerged in the latter part of 2012 in urban areas and in 2013 / 2014 in other locations. Since then, purchaser demand has continued to strengthen, most notably in large urban areas, and strong price inflation has occurred.

While prices have risen by 70% nationally in the last five years, much of this growth offset the over-correction that occurred between 2007 and 2012 and was from a very low base. Over that period of decline, residential prices fell well below their replacement cost, to levels that were unsustainable in the longer-term. Also over that period, new home construction depleted dramatically with completion levels falling from over 93,000 units per annum nationally, to just 8,300 units at the lowest point in 2013, a 91% reduction<sup>1</sup>. This resulted in a significant fall off in supply levels. As the economy started to improve and purchaser demand began to return to the market, more limited options were open to potential purchasers. Hence, prices grew due to increased competition for limited available stock (combined with a growing population). While recent percentage price increases have been strong, the Irish government's think-tank, the Economic and Social Research Institute (ESRI), suggests in its most recent report that Irish houses are not overvalued and the housing market is not overheating.

<sup>1</sup> This is based on ESB connections.

Residential Property Price Index (January 2005 – September 2017)



Source: CSO, Lisney

We expect prices to continue to grow in the medium-term, albeit at a slower pace to that witnessed in recent years. This is due to the fact that new home construction has begun to pick up pace and as more new home stock becomes available, the intense competition for available properties will lessen.

## 1.2.2 Demand

In terms of future demand for accommodation in Ireland generally and in the various city regions, reviewing likely population trends is important. The CSO has produced population projections up to 2046. We have applied these projections (based on the best case scenario – M1F1) to the various counties and then assumed 2.5 persons per household, thus showing an additional housing requirement over the years. This is set out in the table below annually.

	State		Dublin		Cork		Galway		Limerick		Waterford	
	Population Forecast	Implied Housing Need	Population Forecast	Implied Housing Need	Population Forecast	Implied Housing Need	Population Forecast	Implied Housing Need	Population Forecast	Implied Housing Need	Population Forecast	Implied Housing Need
2018	4,874,000	22,400	1,379,000	6,400	556,000	2,800	264,000	1,200	199,000	800	119,000	400
2019	4,931,000	22,800	1,395,000	6,400	562,000	2,400	267,000	1,200	202,000	1,200	120,000	400
2020	4,989,000	23,200	1,412,000	6,800	569,000	2,800	270,000	1,200	204,000	800	122,000	800
2021	5,047,000	23,200	1,428,000	6,400	575,000	2,400	274,000	1,600	207,000	1,200	123,000	400
2022	5,111,000	25,600	1,446,000	7,200	583,000	3,200	277,000	1,200	209,000	800	125,000	800
2023	5,175,000	25,600	1,464,000	7,200	590,000	2,800	280,000	1,200	212,000	1,200	126,000	400
2024	5,240,000	26,000	1,483,000	7,600	597,000	2,800	284,000	1,600	214,000	800	128,000	800
2025	5,306,000	26,400	1,501,000	7,200	605,000	3,200	288,000	1,600	217,000	1,200	129,000	400
2026	5,373,000	26,800	1,520,000	7,600	613,000	3,200	291,000	1,200	220,000	1,200	131,000	800
2027	5,438,000	26,000	1,539,000	7,600	620,000	2,800	295,000	1,600	223,000	1,200	133,000	800
2028	5,503,000	26,000	1,557,000	7,200	627,000	2,800	298,000	1,200	225,000	800	134,000	400
2029	5,569,000	26,400	1,576,000	7,600	635,000	3,200	302,000	1,600	228,000	1,200	136,000	800
2030	5,636,000	26,800	1,595,000	7,600	642,000	2,800	305,000	1,200	231,000	1,200	137,000	400
2031	5,703,000	26,800	1,614,000	7,600	650,000	3,200	309,000	1,600	233,000	800	139,000	800
2032	5,772,000	27,600	1,633,000	7,600	658,000	3,200	313,000	1,600	236,000	1,200	141,000	800
2033	5,841,000	27,600	1,653,000	8,000	666,000	3,200	317,000	1,600	239,000	1,200	143,000	800
2034	5,911,000	28,000	1,673,000	8,000	674,000	3,200	320,000	1,200	242,000	1,200	144,000	400
2035	5,982,000	28,400	1,693,000	8,000	682,000	3,200	324,000	1,600	245,000	1,200	146,000	800
2036	6,054,000	28,800	1,713,000	8,000	690,000	3,200	328,000	1,600	248,000	1,200	148,000	800
2037	6,126,000	28,800	1,733,000	8,000	698,000	3,200	332,000	1,600	251,000	1,200	149,000	400
2038	6,200,000	29,600	1,754,000	8,400	707,000	3,600	336,000	1,600	254,000	1,200	151,000	800
2039	6,274,000	29,600	1,775,000	8,400	715,000	3,200	340,000	1,600	257,000	1,200	153,000	800
2040	6,350,000	30,400	1,797,000	8,800	724,000	3,600	344,000	1,600	260,000	1,200	155,000	800
2041	6,426,000	30,400	1,818,000	8,400	733,000	3,600	348,000	1,600	263,000	1,200	157,000	800
2042	6,503,000	30,800	1,840,000	8,800	741,000	3,200	352,000	1,600	266,000	1,200	159,000	800
2043	6,575,000	28,800	1,860,000	8,000	750,000	3,600	356,000	1,600	269,000	1,200	160,000	400
2044	6,647,000	28,800	1,881,000	8,400	758,000	3,200	360,000	1,600	272,000	1,200	162,000	800
2045	6,720,000	29,200	1,901,000	8,000	766,000	3,200	364,000	1,600	275,000	1,200	164,000	800
2046	6,794,000	29,600	1,922,000	8,400	775,000	3,600	368,000	1,600	278,000	1,200	166,000	800

Source: CSO, Lisney

In summary, the following number of residential units is required, on average, each year based on the CSO's population forecasts and assuming 2.5 persons per household.

#### Annual Average Housing Need

National	27,250
Dublin	7,710
Cork	3,120
Galway	1,480
Limerick	1,120
Waterford	660

Source: CSO, Lisney

It should also be noted that the draft National Planning Framework – Ireland 2040 Our Plan has also set out population targets for the various city regions. In summary, it seeks between 50% and 60% growth in the population of regional cities and population growth of between 20% and 25% in Dublin. We believe that the growth targets set out by the CSO are more realistic.

We believe that across the entire of Dublin, the future housing need will be split 50/50 between houses and apartments. However, in Dublin city centre it will be almost exclusively apartments. In other city regions, the split is more likely to be 75/25 houses to apartments.

#### 1.2.3 Availability

While the number of previously occupied properties (i.e. second-hand) for sale remains at relatively low levels, new homes schemes are now starting to produce additional supply, which is adding to availability. Focusing on the previously occupied section of the market (i.e. second-hand homes), the number of properties available for sale in November 2017 in each of the key counties is set out below. While these supply figures are below optimum levels, they are higher than the lowest level reached in the latter part of 2016, which indicates that there is now more choice available for potential purchasers than there was at that time.

#### Supply of Previously Occupied Residential Units (November 2017)






County	Houses	Apartments	Total
Dublin	2,673	921	3,777
Cork	2,844	144	2,988
Galway	1,175	111	1,286
Limerick	865	92	957
Waterford	544	31	575
Nationwide	18,727	1,981	20,708





Source: Lisney, Daft.ie, MyHome.ie



It is not possible to accurately track the number of new builds that are available as many are sold prior to completion or the sales process does not complete. However, there are about 500 individual schemes under construction at present across Ireland.

Set out below are the most high profile schemes in each of the counties.

Dublin		
	Clay Farm, Leopardstown, Dublin 18	Phase 1: •410 houses  Phase 2:  •800 houses
	Marina Village, Greystones, Co Wicklow (Greater Dublin Area)	•158 houses  •200 apartments
	Fernbank, Churchtown, Dublin 14	•262 apartments
	Marianella, Rathgar, Dublin 6	
	Silverbanks, Baldoyle, Dublin 13	Phases 1 and 2 sold – •210 units  Phase 3 due – • 400 apartments

	Lansdowne Place, Dublin 4	<ul style="list-style-type: none"><li>• 200 apartments (high end)</li></ul>
	Rathborne Park, Ashtown, Dublin 15	<p>Phase 2 due in 2018</p> <ul style="list-style-type: none"><li>• 100+ houses</li></ul>
	St Marnocks Bay, Portmarnock, Co Dublin	<ul style="list-style-type: none"><li>• 300 houses over all phases</li></ul>
	Grace Park Wood, Drumcondra, Dublin 9	<ul style="list-style-type: none"><li>• 100+ houses</li></ul>

## Cork



Rosefield, Model Farm Road, Model Farm Road, Co. Cork

- 20 houses



Kinsale Manor, Kinsale Manor, Rathmore, Kinsale, Co. Cork

- 136 houses



Cluain Mara, Kinsale, Co. Cork

- 27 houses



Clonlara, Clonlara, Kerry Pike, Co. Cork

- 144 houses






Eden, Blackrock, Cork

- 16 units
- PP sought for 147 units







Drakes Point, Drakes Point, Crosshaven, Co. Cork




- 45 houses

	Lisheen Woods , Ovens, Co. Cork	<ul style="list-style-type: none"><li>• 150 houses</li></ul>
	Janeville, Cork Road, Carrigaline, Co. Cork	<ul style="list-style-type: none"><li>• 6 house</li></ul>
	Woodview, Fionn Laoi, Ballincollig, Ballincollig, Co. Cork	<ul style="list-style-type: none"><li>• 58 houses</li></ul>
	Dunkerrin, Dunkerrin, Mount Oval Village, Rochestown, Co. Cork	<ul style="list-style-type: none"><li>• 14 houses</li></ul>
	Convent Garden, Winters Hill, Kinsale, Co. Cork	<ul style="list-style-type: none"><li>• 8 houses</li></ul>
	Earls Well, Earls Well, Waterfall, Co. Cork	<ul style="list-style-type: none"><li>• 42 houses</li></ul>



	Foxwarren, Moneygourney, Douglas, Co. Cork	<ul style="list-style-type: none"> <li>• 28 houses</li> </ul>
	Glashaboy Woods, Upper Riverstown, Glanmire, Co. Cork	<ul style="list-style-type: none"> <li>• 6 houses</li> </ul>
	Blackrock House, Blackrock, Co. Cork	<ul style="list-style-type: none"> <li>• 37 apartments</li> </ul>
	Crawford Woods, Glanmire, Co. Cork	<ul style="list-style-type: none"> <li>• 40 houses</li> </ul>

## Galway

	Gort an Duin, Oranhill, Oranmore, Oranmore, Co Galway	Phase 2+: <ul style="list-style-type: none"><li>• 58 houses</li></ul>
	Gleanntán Na hAbhann, Craughwell, Co Galway	<ul style="list-style-type: none"><li>• 22 houses</li></ul>
	Reilean, Roscam, Roscam, Co Galway	Phase 3+: <ul style="list-style-type: none"><li>• 62 houses</li></ul>

## Limerick



Bloomfield,  
Annacotty,  
Co Limerick

- 150 houses



Caislean na hAbhainn,  
Castletroy,  
Co Limerick

Phase 3+:

- 35 houses



Ros Mór,  
The Meadows,  
Ballyneety,  
Co Limerick

Phase 2+:

- 160 houses



Evanwood,  
Golf Links Road,  
Castletroy,  
Co Limerick

- 36 houses



Templeville, Ballinacurra  
Road, Punches Cross, Co  
Limerick

- 42 houses

## Waterford



Castlekeep,  
Friars Walk,  
Abbeyside,  
Dungarvan,  
Co Waterford

- 18 houses



Cluain Lárach,  
Knockenduff,  
Tramore,  
Co Waterford

Phase 4:  

- 23 houses



Mountfield,  
New Development Tramore,  
Tramore,  
Co Waterford

- 60 houses



Cluain na Si,  
Ring,  
Co Waterford

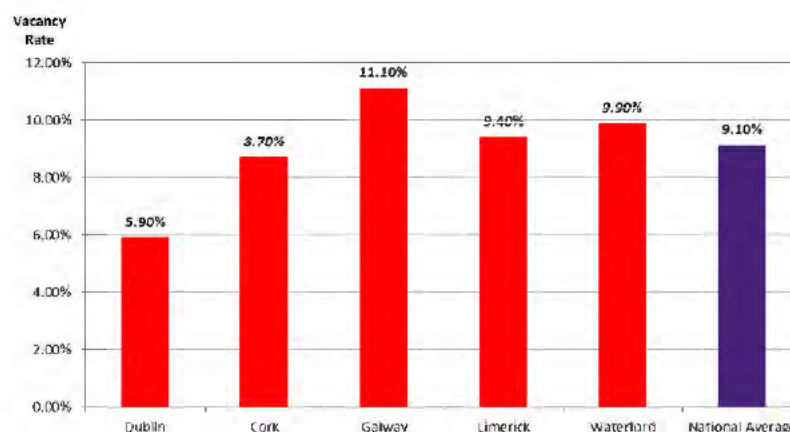
- 15 houses



### 1.2.4 Vacancy Rates

Official data on current vacancy rates in Ireland is not available and plotting availability (set out below) against housing stock does not provide an accurate result as many vacant properties are not for sale. However, findings from Census 2016 provide some indications. On Census night in April 2016, the housing stock nationally stood at 2,003,645 dwellings. A total of 183,312 units were categorised as vacant, leaving the national vacancy rate at 9.2% (excluding holiday homes). There were significant variations in the vacancy rate between locations with Dublin having the lowest rate at 5.9%, Cork at 8.7%, Galway at 11.1%, Limerick at 9.4%, and Waterford at 9.9%.

#### Vacancy Rate – Excluding Holiday Homes (April 2016)



Source: CSO, Lisney

### 1.2.5 Sales Prices

Achieved sales prices across the country vary considerably with Dublin levels significantly ahead of the other city regions. Set out below are the median<sup>2</sup> prices achieved for the year to the end of September 2017. This is split by buyer type (first-time-buyer, mover and investor) to show the variance between the different categories of purchaser, and also by the nature of the property (new or previously occupied).

As can be seen, movers (i.e. those trading up or down) have the capacity to spend the largest amount on homes, while investors and first-time-buyers generally compete with each other at the lower end of the market.

#### Median Prices by Buyer Type (Year to September 2017)

County	All Buyer Types	First-Time-Buyer	Mover	Investor
Dublin	€325,000	€312,500	€368,875	€262,500
Cork	€190,000	€205,000	€206,250	€126,500
Galway	€170,250	€197,500	€184,000	€127,500
Limerick	€145,000	€172,000	€145,000	€98,250
Waterford	€128,750	€172,500	€150,000	€77,500

Source: CSO, Lisney

<sup>2</sup> Given the relatively small nature of some parts of the Irish property market, the calculation of average prices can be distorted by very large or very small sales prices. As such, the median price is a more accurate measure.

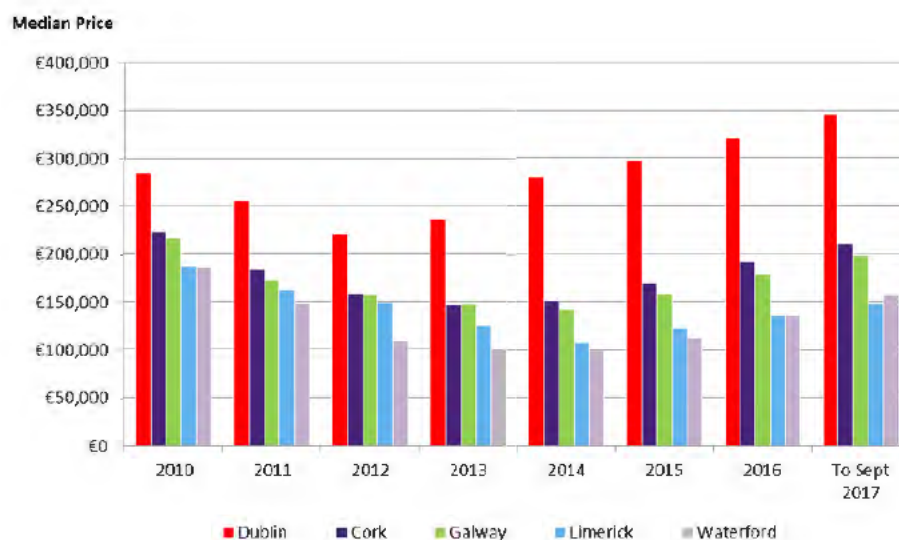
### Median Prices by Nature of Property (Year to September 2017)

County	All Property Types	Previously Occupied	Newly Built
Dublin	€325,000	€312,500	€368,875
Cork	€190,000	€205,000	€206,250
Galway	€170,250	€197,500	€184,000
Limerick	€145,000	€172,000	€145,000
Waterford	€128,750	€172,500	€150,000

Source: CSO, Lisney

To provide some context to the current median pricing levels above, the chart below shows the trend in median prices since January 2010 for all property types.

### Median Prices All Property Types (2010 – Q3 2017)



Source: CSO

#### 1.2.6 Affordability

The most recent EBS / DKM Irish Housing Affordability Index for May 2017, showed that nationally, a working couple who are first-time-buyers use 21.2% of their net income to fund a mortgage. In Dublin the figure for a couple under the same scenario is 27.6%.

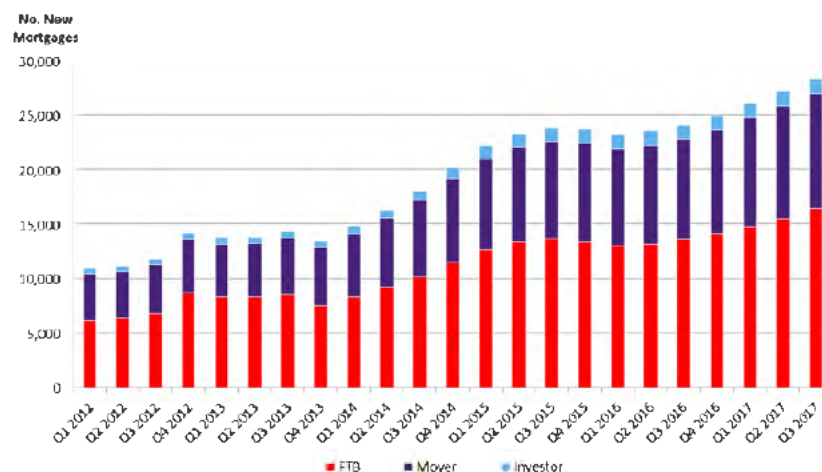
To put this in context, during the boom years of the last property cycle, the national figure was 32%, while in Dublin the rate stood at 42.7% (December 2007). As such, properties are significantly more affordable now compared to that time.

#### 1.2.7 Mortgage Lending

The Irish mortgage market has witnessed a notable uplift in activity since early 2014 and again in the past 18 months. The total number of drawdowns in the 12 months to the end of Q3 2017 was up by 31% in value terms and 20% in volume terms. The first-time-buyer cohort is driving market activity and currently accounts for half of all mortgage drawdowns. Mover purchasers make up around 30% of drawdowns, while investor mortgages account for approximately 5%. The remaining market activity relates to re-mortgages and top-ups.

When re-mortgages and top-ups are removed, the number of new mortgage activity increased by 29% in volume terms in the year to Q3 2017. New mortgage lending has increased steadily in annual terms since its lowest level in Q1 2012.

#### \*New Mortgage Lending – 12-Month Rolling Total (Q1 2012 – Q3 2017)



Source: Banking & Payments Federation of Ireland, Lisney

\*Excludes re-mortgages and top-ups.

## 1.3 Rental Market

### 1.3.1 Context

The Irish rental market remains exceptionally active. Supply is tight in many areas and rents have risen rapidly in recent years. This is due to a number of factors including changing demographics; an inability by many to obtain a mortgage as a result of the recession years limiting savings and hence remaining in the rental sector for longer; private landlords moving out of the market due to increased regulation and costs resulting in a declining level of supply; and a lack of construction again limiting supply.

In a bid to address rising rents, the government introduced a number of rent predictability measures in the last two years. In a rent pressure zone, annual increases are limited to 4% while outside of these areas, rents can only be reviewed every two years (see section 1.5.4). These rent predictability measures have given certainty to both landlords and tenants in areas where rents have increased rapidly in recent years. Ultimately, they assist in delivering more affordable accommodation solutions by providing predictable price increases.

The Government is also looking at improving the functioning of the rental sector more generally and in particular, expanding the build-to-rent sector. The aim is to improve the supply of homes at affordable rents. In terms of build-to-rent, this is a sector of the market that did not traditionally exist in Ireland. However, its benefits in terms of better on-site facilities for tenants and more professional estate management means it is potentially more suitable for longer-term tenant occupancy.

### 1.3.2 Rental Prices

The Residential Tenancies Board (RTB) registers and tracks details of all residential rentals in Ireland. Set out below are average achieved rents across all property types and sizes in each of the counties.

#### Average Achieved Rents (Q2 2017)

County	All Property Types
Dublin	€1,382
Cork	€911
Galway	€928
Limerick	€743
Waterford	€630

Source: RTB

Further analysis based on the number of bedrooms and nature of the accommodations is set out below.

#### One-Bed Average Monthly Achieved Rents (Q2 2017)

County	Detached House	Semi-Detached House	Terraced House	Apartment
Dublin	-	€769	€1,019	€1,169
Cork	€569	€639	€693	€747
Galway	€583	-	-	€679
Limerick	-	-	-	€570
Waterford	-	-	€435	€516

Source: RTB

#### Two-Bed Average Monthly Achieved Rents (Q2 2017)

County	Detached House	Semi-Detached House	Terraced House	Apartment
Dublin	€1,428	€1,279	€1,242	€1,402
Cork	€702	€825	€860	€961
Galway	€629	€740	€835	€882
Limerick	€570	€633	€637	€682
Waterford	€552	€589	€585	€602

Source: RTB

#### Three-Bed Average Monthly Achieved Rents (Q2 2017)

County	Detached House	Semi-Detached House	Terraced House	Apartment
Dublin	€1,571	€1,362	€1,398	€1,666
Cork	€808	€903	€917	€1,132
Galway	€728	€848	€932	€1,118
Limerick	€672	€756	€735	€779
Waterford	€667	€701	€641	€545

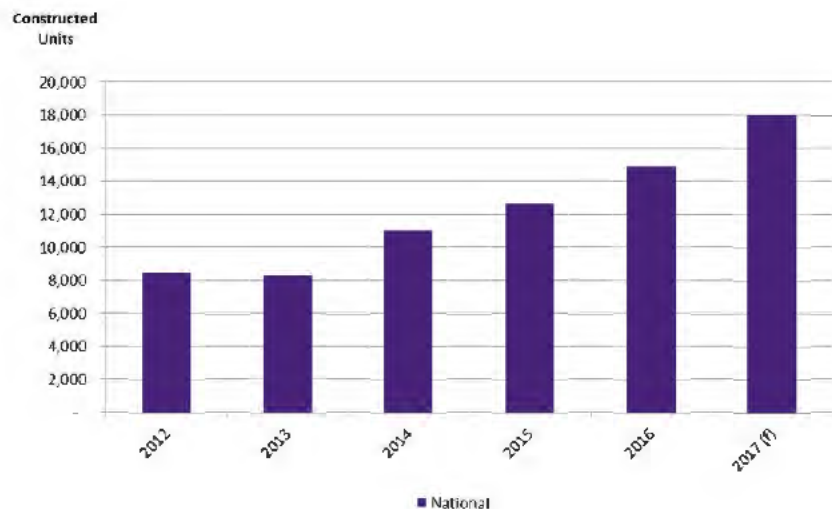
Source: RTB

## 1.4 Residential Construction Pipeline

### 1.4.1 Completions

In the first ten months of 2017, 15,062 units were completed nationally<sup>3</sup>. For the full year, we forecast that this will be just over 18,000 units (approximately 85% houses / 15% apartments). This compares to just 8,300 units at the lowest point in the cycle in 2013, a 117% uplift.

#### Residential Construction Nationwide (2012 – 2017f)



Source: DoHPLG, Lisney

The completions figures for the nine months to the end of September 2017 are shown at county level in the table below.

#### Number of Units Constructed (Q1 – Q3 2017)

County	Units
Dublin	4,239
Cork	1,458
Galway	727
Limerick	419
Waterford	278
Nationwide	13,533

Source: DoHPLG, CSO, CIS

<sup>3</sup> Please note that this is based on the Department of Housing, Planning and Local Government's figures, which relate to electricity connections. In recent times there have been some discussions about the accuracy of this information. While there are some issues, it does however remain the best source of data on completions.

### 1.4.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) varies across regions with Dublin having the greatest number of units under construction. The table below shows the number of units under construction at the end of Q3 2017. In Dublin, the number under construction has increased by 34% in the past 12 months (houses +55% / apartments +18%).

#### Number of Units under Construction

County	Houses	Apartments	Units
Dublin	3,763	3,630	7,393
Cork			398
Galway			157
Limerick			116
Waterford			160

Source: DoHPLG, CSO, CIS

### 1.4.3 Planning Granted

The total number of units across each location with planning permission granted but construction not yet commenced. For Dublin this comprises all units permitted but not yet commenced, while the other areas comprise those that have obtained planning permission since January 1st 2016. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

#### Number of Units with Planning Permission

County	Houses	Apartments	Total
Dublin	9,014	12,884	21,898
Cork	2,425	257	2,682
Galway	847	62	909
Limerick	464	151	615
Waterford	313	42	355

### 1.4.4 Planning Submitted

The total number of units across each location with planning permission submitted but as of yet neither granted nor refused is analysed from January 1st 2017 to the end of Q3 2017. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

#### Number of Units with Planning Applications Submitted

County	Houses	Apartments	Total
Dublin	957	3,211	4,168
Cork	1,099	690	1,789
Galway	228	79	307
Limerick	252	20	272
Waterford	385	0	385

Source: DoHPLG, CSO, CIS



## 1.5 Housing Policy

The Irish Government and regulatory bodies have introduced a number of policies in recent times relating to the housing market. These primarily comprise rules to reduce the pace of growth and others to increase new home supply. Some of the notable introductions are detailed below.

### 1.5.1 Central Bank of Ireland Macro-Prudential Rules

The Central Bank of Ireland introduced macro-prudential mortgage market regulations in February 2015. Prior to this there were no limits on how much banks could lend to home buyers. The aim of the rules was to enhance the resilience of both borrowers and the banking sector, and to reduce the risk of spiralling house price due to easy access to finance. The rules were amended in January and November 2017, with the main details of the framework as follows:

	Loan-To-Income		Loan-To-Value	
First-Time-Buyer	3.5 x gross income	20% of all FTB mortgages can exceed this limit per year	90% loan (i.e. 10% deposit)	5% of all FTB mortgages can exceed this limit per year
Mover Purchaser	3.5 x gross income	10% of all MP mortgages can exceed this limit per year	80% loan (i.e. 20% deposit)	20% of all FTB mortgages can exceed this limit per year
Investor	No income limits		70% loan (i.e. 30% deposit)	10% of mortgages can exceed this limit per year

### 1.5.2 Rent Predictability Measures

In a bid to address rising rents, the government introduced a number of measures in the last two years. In 2015, temporary measures were introduced whereby a landlord could only review rent every two years (traditionally reviews occurred annually). There are exceptions to this, mainly where a property has been substantially upgraded or if it is in a rent pressure zone (RPZ). In relation to the latter, RPZs (which includes all of Dublin and the surrounding commuter towns, in addition to Cork and Galway cities and suburbs) came into effect at the end of 2016 for a three year period. The aim of this was to provide rent predictability, whereby rental increases in the designated areas were capped at 4% per annum for three years. This means that outside of the RPZs (such as Limerick and Waterford) rents can only be reviewed every two years to market rates. Within rent pressure zones, rents can be reviewed annually but capped at 4%. These measures have had some impact on rents in recent months. For example, the pace of growth in rents in Dublin has fallen from about 9% per annum last year to a current annual rate of 6%. Outside of Dublin, the rate has fallen from 9% to 7%.

### 1.5.3 Help-To-Buy

Budget 2017 (in October 2016) introduced the 'Help-to-Buy Incentive'. This scheme allows first-time-buyers to obtain an income tax rebate of 5% of the purchase price of a newly built house or apartment. The maximum relief that can be claimed is €20,000 and no relief can be claimed on previously occupied properties. The aim of this scheme is to increase demand for newly built homes and hence encourage developers to increase construction levels. The government envisage that this scheme will cost about €50m per annum.

The scheme has been successful in bringing forward purchases due to lower deposit requirements, which in turn has encouraged some developers in certain parts of the market to commence construction. A number of months ago, there was concern that this was causing price increases. However, in the year to the end of September, only 4.9% of all sales nationally were to first-time-buyers purchasing a new home. As such, this is not having as significant effect on the market any some thought.

#### 1.5.4 Ireland Strategic Investment Fund (ISIF)

The ISIF fund through the NTMA has been active in property finance through its collaboration with KKR and has funded the purchase of some sites, notably part of the RTÉ lands with Cairn Homes. In more recent times it has been active in developing proposals to offer competitive financing for infrastructural works on large development sites.



#### 1.5.5 Rebuilding Ireland

In July 2016, the Government introduced the 'Rebuilding Ireland' action plan to increase new home construction (to 25,000 units per annum) and improve the rental sector. Key initiatives include:

##### **Major Urban Housing Development Sites (MUHDS)**

23 sites within the greater Dublin area, Cork, Galway and Limerick have been identified as having the potential to deliver housing units quickly over four years through fast-track planning. This scheme has links with LIHAF with some infrastructural works funding from this.

##### **Local Infrastructure Housing Fund (LIHAF)**

This is a very positive and important initiative taken by the government through Rebuilding Ireland that is providing €226m for enabling infrastructure on key sites to open up lands for development and accelerate the delivery of housing. It is envisaged that the infrastructure will be delivered by 2019 and the properties by 2021. 34 projects have been selected, where providing affordable housing is an important element. The aim is that this will provide for 23,000 residential units by 2021 and a further 46,000 in 15 years. Across Dublin, Cork, Limerick and Waterford, the following were selected (there were none in Galway):



County	Location	LIDAF Investment	MUHD Site	2021	Longer-Term
Dublin	Belmayne & Clongriffin	€3m	Yes	620	760
	Dodder Bridge - Poolbeg Peninsula	€15.75m	Yes	1,500	1,500
	Cherrywood	€15.19m	Yes	2,000	6,000
	Clay Farm	€10.1m	No	1,000	-
	Kiltiernan Glenamuck	€10.5m	Yes	1,000	-
	Woodbrook - Shanganagh	€4.15m	Yes	1,000	1,300
	Baldoyle Stapolin	€6.1m	Yes	800	-
	Donabate Distributor Road	€15.5m	Yes	1,200	1,000
	Oldtown Mooretown	€4.9m	Yes	800	-
	Adamstown SDZ	€20m	Yes	1,000	1,500
	Clonburris SDZ	€3m	No	1,000	7,000
	Corkagh Grange	€4.39m	Yes	1,000	-
Cork	Old Whitechurch Road	€9.9m	Yes	600	-
	South Docks	€15.5m	Yes	700	-
	Ballincollig	€7.4m	Yes	520	3,500
	Carigaline	€0.6m	No	400	800
	Glanmire	€5.9m	No	300	1,200
	Midleton	€6.5m	Yes	520	500
Limerick	Greenpark	€4.93m	Yes	400	700
	Mungret	€10.5m	No	450	2,250
Waterford	Gracedieu	€1.32m	No	200	-
	Kilbarry	€3.39m	No	450	1,050
	Ferrybank, Co Kilkenny	€0.27m	No	200	-

Given how successful LIHAF was, a second phase has been announced with €50m to invest in infrastructure.

### Strategic Housing Development (SHD)

SHD is fast track planning that was introduced in July 2017. It is for schemes with more than 100 units (and 200 student accommodation bed spaces), where applications can be submitted directly to An Bord Pleanála (ABP - the planning appeals board) and by-pass the local authority system. It involves a two stage process where in stage one, discussions are had between the applicant, ABP and the local authority for a six week period. Then applications move on to stage two where ABP takes 14 weeks to review proposals and make a decision. In the first three months, ABP had 22 valid applications to stage one, which covered 6,000 housing units (3,600 houses and 2,400 apartments) in addition to 5,000 student accommodation bed-spaces. Three of these applications have moved on to stage two, notable 930 units at Clay Farm, 3,000 beds for students at UCD and 113 house in Bearna in Galway. UCD has since been granted permission, albeit for fewer bed spaces.

### National Student Accommodation Strategy

The Department of Education and Skills in conjunction with Rebuilding Ireland launched the strategy in July 2017. Its aim is to increase the number of student accommodation bed spaces by 7,000 by 2019 and by 21,000 by 2024. This is a very welcome development as it will free up over 7,000 apartments and houses that would normally be taken by students but will now be available to the general rental market. The majority of these will be in Dublin and to a lesser extent in the other cities.

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### **State Lands Initiative – Rebuilding Ireland Housing Land Map**

This comprises a map on the Rebuilding Ireland website that shows all state, semi-state and local authority lands that are suitable for (re)development. State bodies may sell the lands or do joint ventures with builders through licences to get lands built on. The government envisages that up to 50,000 units could be provided through this.

### **Home Building Finance Ireland (HBFI)**

HBFI is a €750m finance vehicle for commercially viable projects at commercial rates for those finding it difficult to source funding. It was announced in Budget 2018.

### **1.5.6 Ireland 2040 Our Plan – National Planning Framework (NPF)**

The final version of the plan is due shortly and will be aligned to the 10 year Capital Investment Plan. Its aim is to guide planning and investment decisions up to 2040. It will look at how to have better regional growth and also focus on rural renewal, including policies on bringing back vacant buildings. The draft plan states that it is expected that the population will increase by 1m people by 2040 and this will mean that 25,000 new homes will be required annually and 600,000 will need to be created over the period.

### **1.5.7 New Apartment Regulations**

The final version of the new apartment regulations are due shortly and will broaden the 2015 regulations. Changes that are likely to be made include having no minimum parking standards within 750m / 1,000m of public transport nodes, and actually requiring developers to justify the need for parking in such schemes. It will also look at increased heights close to public transport nodes. There will likely be reference to more apartment types and layouts including studios. These are significant changes and will assist in making apartment schemes viable to construct. A recent report by the Society of Chartered Surveyors (SCSI) showed that for a medium-rise (5 – 8 storeys) block of apartments in Dublin city centre, the cost of building a 2-bed unit was approximately €470,000 and this fell short of the likely sales price by €133,000, hence showing that schemes are often unviable. Much of the cost is tied into providing basement car parking and by reducing this, the viability improves.

### **1.5.8 Built-To-Rent**

The new apartment guidelines will also incorporate statutory guidelines on the build-to-rent sector. This sector is critical for providing more rental accommodation in the market and through professional landlords. The current requirements for apartments will likely be reduced to include not being required to provide dual aspect, increasing the number of units per core and permitting studio apartments. The government has said that it expects up to 5,000 build-to-rent apartments to be built in the coming years. Dublin, and indeed other cities, have not seen much build-to-rent construction and it may be that developers were waiting for the new regulations that will reduce the construction costs, and as with apartments generally will improve viability.

### **1.5.9 Vacant Site Levy**

This was introduced a number of years ago in a bid to discourage land hoarding. The levy will commence in 2019 at a rate of 3% in that year and then for subsequent years, it will be charged at 7% per annum. It may have an impact on land values, which is positive for development viability and allowing for the quicker regeneration of lands, however, the legislation is not very prescriptive and there are ways in which landowners may become exempt from the tax.

The seven year hold period for a Capital Gains Tax waiver was reduced to four years in Budget 2018 and those wishing to avail of the CGT holiday can now sell on properties and land. This is more likely to bring lands back to the market for sales in the short-term rather than the vacant site levy.

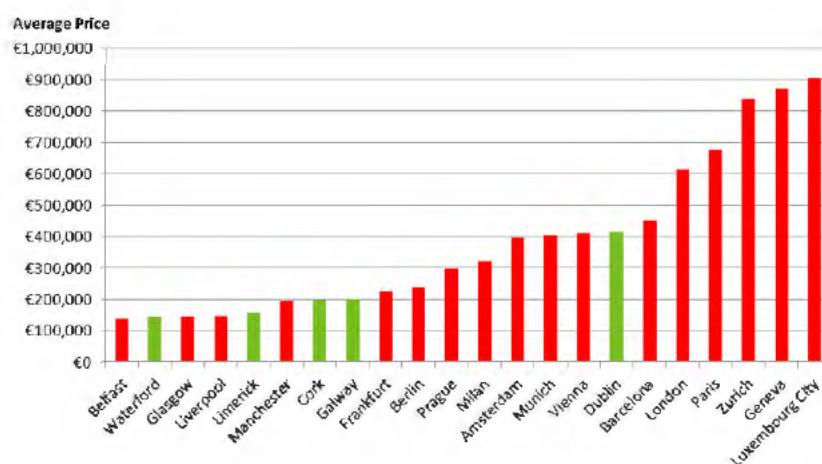
## 1.6 International Comparisons

### 1.6.1 Competing Cities

For an international comparison, set out below are average prices in various European cities. In addition, each city's population and the unemployment rates at the end of September 2017 are provided. The average wage shown comprises the net annual earnings at a country level.

City	Population	Unemployment Rate (Country Level)	Average Wage Per Annum (Country Level)	Average Price	Average Rent Per Month
Amsterdam	810,938	4.50%	€26,306	€395,000	€1,700
Barcelona	1,749,281	16.40%	€14,894	€450,000	€1,300
Belfast	136,500	4.40%	€26,860	€137,000	
Berlin	1,773,631	3.60%	€20,912	€237,000	
Cork	119,230	6.40%	€20,818	€198,000	
Dublin	554,554	6.40%	€20,818	€414,000	€1,600
Frankfurt	717,624	3.60%	€20,912	€227,000	€1,350
Galway	258,552	6.40%	€20,818	€200,100	
Geneva	191,557	5.00%	€48,481	€871,000	
Glasgow	598,830	8.40%	€26,860	€143,000	€1,000
Limerick	195,175	6.40%	€20,818	€156,100	
Liverpool	465,700	4.40%	€26,860	€146,000	
London	8,787,892	4.40%	€26,860	€613,000	€2,250
Luxembourg City	103,641	5.50%	€29,051	€905,000	€1,650
Manchester	541,300	4.40%	€26,860	€194,000	€1,150
Milan	1,360,422	10.60%	€16,036	€320,000	€1,600
Munich	1,430,000	3.60%	€20,912	€403,000	
Paris	2,240,681	9.30%	€35,484	€676,000	€2,000
Prague	1,259,000	2.80%	€6,290	€297,000	
Vienna	1,767,000	5.50%	€21,939	€410,000	
Waterford	53,500	6.40%	€20,818	€143,000	
Zurich	384,786	5.00%	€48,481	€838,000	

Source: Eurostat (Population, Unemployment Rate & Average Wage), Various individual country property sales & rental portals, Global Property Guide, CEPI members.

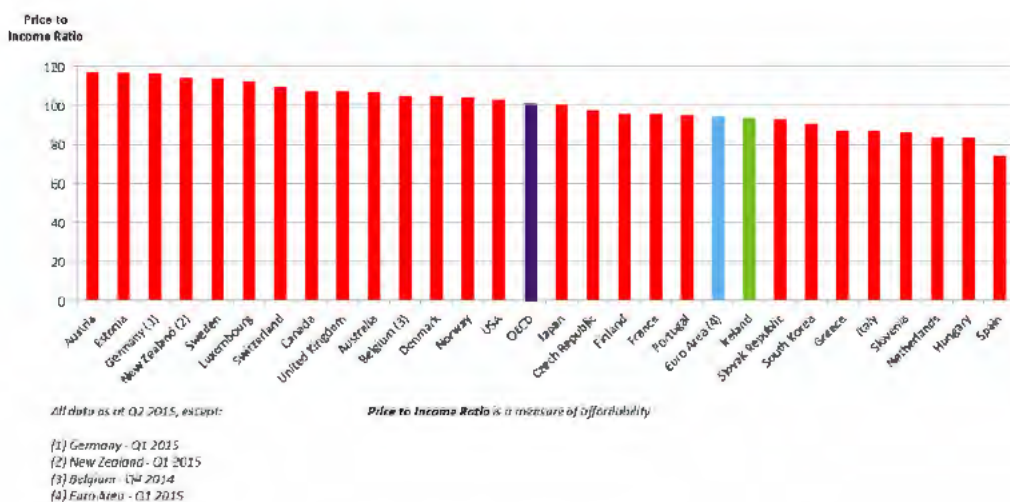


### 1.6.2 Eurostat House Price Index

The Eurostat House Price Index provides trends in house prices at EU and individual member level of newly built and existing residential properties.

The latest quarterly figures for Q2 2017 show that on an annual basis, average house prices increased by 3.8% and 4.4% in the Euro Area and the EU respectively. The largest price increase during the period was in Iceland, at 22%, while Italy recorded negative growth at -0.2%.

### 1.6.3 OECD Price to Income Ratio

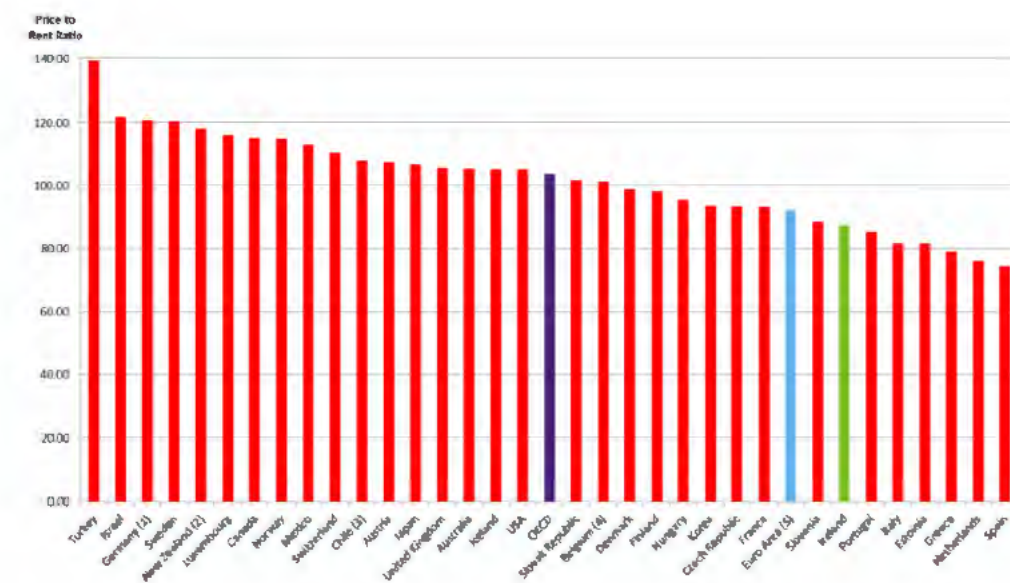


Source: OECD

On an annual basis, the OECD produces a ratio of nominal house price divided by nominal disposable income per head. This is a measure of house price affordability. The results as at 2016 (except where indicated) are set out below.

### 1.6.4 Price to Rent Ratio

On an annual basis, the OECD produces a ratio of nominal house prices to rent prices. This measures the affordability of owning a house.



Source: OECD



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## 1.7 Summary

- The Irish residential market has seen a significant change in underlying fundamentals in the past five years. Purchaser demand has increased considerably, which has led to price increases. Much of this growth offset the over-correction that occurred between 2007 and 2012 and was from a very low base.
- The average new housing supply need nationally each year, based on the CSO's population projections and assuming 2.5 persons per household is 27,250.
- Second hand supply nationally in November 2017 was 20,708.
- The national vacancy rate was 9.2% according to Census 2016. However, not all properties vacant are available for sale.
- The median sales price for all buyer types and all property types was €325,000 in Dublin; €190,000 in Cork; €170,250 in Galway; €145,000 in Limerick; and €128,750 in Waterford.
- The average first-time-buyer working couple uses 21.2% of their net income to fund a mortgage in Ireland. This was 32% in 2007.
- In a bid to slow down the pace of rising residential rents, rent pressure zones were introduced by the government. This limits annual rental growth to 4%.
- Average monthly rents in each city region vary as follows – Dublin at €1,382; Cork at €911; Galway at €928; Limerick at €743; and Waterford at €630.
- In 2017, it is estimated that new home completions (based on ESB connections) will reach 18,000 units (approximately 85% houses and 15% apartments). This is an increase of 117% compared to 2013.
- The number of units under construction is growing. In Dublin, it increased by 34% in the 12 months to the end of September 2017 (+55% houses / +18% apartments).
- Across Dublin, Cork, Galway, Limerick and Waterford there are 26,459 residential units (13,063 houses and 13,396 apartments) with planning permission but no construction has yet started.
- There are 6,921 residential units (2,921 houses and 4,000 apartments) in the planning system seeking permission.
- The Irish Government and regulatory bodies have introduced a number of policies in recent times relating to the housing market. These primarily comprise rules to reduce the pace of growth and others to increase new home supply. Some improvements are starting to be seen as a result.



## 2.1 Sales Market

### 2.1.1 Overview

The Dublin residential market remains very active. In the last two years approximately 2.5% and 2.9% respectively of the housing stock in Dublin was transacted (between 13,000 and 14,000 units annually). In 2017, figures are likely to be at a similar level. For a market that has supply constraints, this is noteworthy as international evidence suggests that an optimal figure is between 3% and 4%. Significant price increases were witnessed in 2014 and into 2015. However the introduction of the mortgage lending rules in 2015 did have the desired effect of taking some steam out of the market in certain sections and price inflation slowed.

Price increases are evident, particularly for properties up to a value of €500,000. This part of the market is dominated by first-time-buyers and those wishing to trade down. The help-to-buy scheme is also impacting here by assisting first-time-buyers through a tax rebate of 5% if a newly constructed home is purchased. Apartments generally fall into this lower value category and those that are well located close to amenities and good transport links are well sought after and seen as a more affordable option by many who want to remain close to the city centre.

The middle market (between €500,000 and €1m) mainly comprises those trading up. It is also active but is more restricted by supply constraints, the mortgage lending rules, and sales 'chains'. At the upper end of the market and for properties in excess of €1m, it is property and buyer specific. Homes that are in turnkey condition can achieve a premium, while those requiring significant works can take longer to sell.

In the medium-term, we expect Dublin residential prices to continue to grow, albeit at a slower pace to recent years. The availability of new homes through the increase in building levels will have an impact on prices in areas where construction is ongoing.

### 2.1.2 Availability

At the end of November 2017 there were 3,777 second hand properties for sale in Dublin. In terms of postal district, Dublin 15 accounted for the largest number of available properties with 351, while north and south county Dublin had 523 and 482 properties available, respectively. In terms of property type, three-bed houses were the most readily available at 1,128, followed by four-bed houses at 774, and two-bed apartments at 613.

#### Supply of Previously Occupied Residential Units (End-November 2017)

Location	Houses	Apartments	Total
Dublin	2,673	921	3,777

Source: Lisney, MyHome.ie, Daft.ie

Taking the central business district of Dublin 1, Dublin 2, Dublin 3 and Dublin 4 there were 167 second-hand properties for sale. 149 (89%) of these were apartments.

The vacancy rate (excluding holiday homes) across County Dublin in April 2016 (the most current official data), was 5.9%.

### 2.1.3 Sales Prices

Median prices for Dublin in the year to the end of September 2017, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level. The location with the highest median price range was Glenageary. Dublin 10 generally has the lowest median achieved prices.

#### Median Prices (Year to September 2017)

	All Buyer Types	First-Time-Buyer	Mover	Investor
Overall Dublin Median Price	€325,000	€312,500	€368,875	€262,500

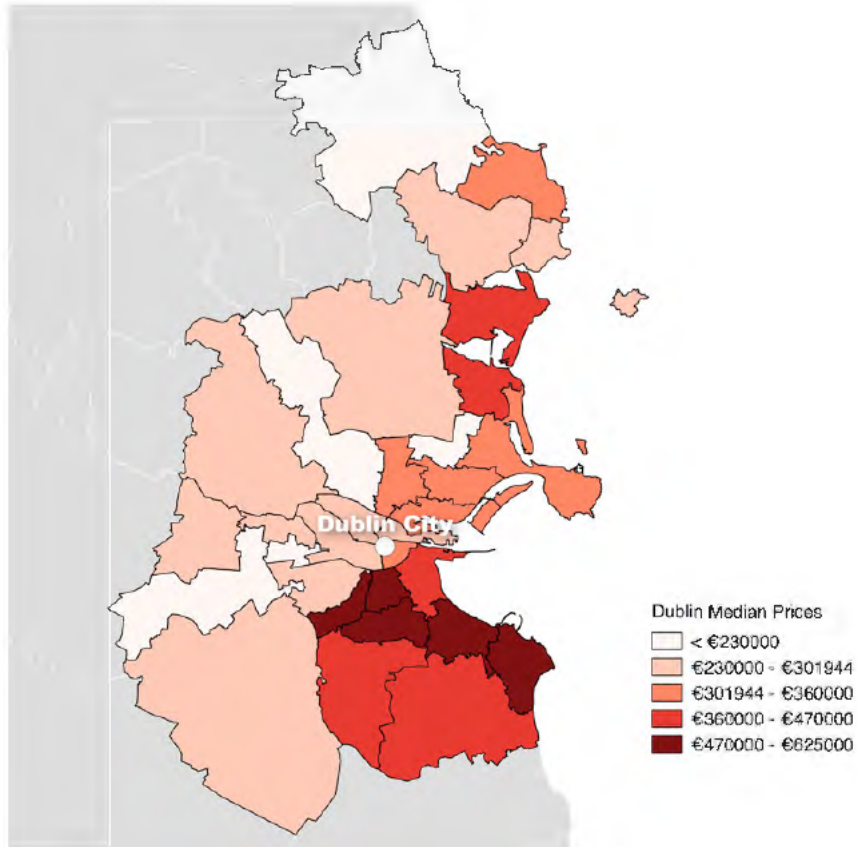
Source: CSO

#### Median Prices - All Dwellings (Year to September 2017)

County	Eircode : Location	Median Price
Dublin	A94: Blackrock	€560,000
	A96: Glenageary	€625,000
	D01: Dublin 1	€255,000
	D02: Dublin 2	€350,000
	D03: Dublin 3	€360,000
	D04: Dublin 4	€470,000
	D05: Dublin 5	€352,500
	D06: Dublin 6	€580,000
	D07: Dublin 7	€278,000
	D08: Dublin 8	€293,500
	D09: Dublin 9	€336,000
	D10: Dublin 10	€193,500
	D11: Dublin 11	€220,663
	D12: Dublin 12	€290,000
	D13: Dublin 13	€333,500
	D14: Dublin 14	€555,000
	D15: Dublin 15	€301,944
	D16: Dublin 16	€465,350
	D17: Dublin 17	€211,750
	D18: Dublin 18	€435,000
	D20: Dublin 20	€294,500
	D22: Dublin 22	€230,000
	D24: Dublin 24	€293,001
	D6W: Dublin 6W	€580,000
	K32: Balbriggan	€216,500
	K34: Skerries	€325,000
	K36: Malahide	€455,000
	K45: Lusk	€250,500
	K56: Rush	€268,500
	K67: Swords	€290,000
	K78: Lucan	€297,500

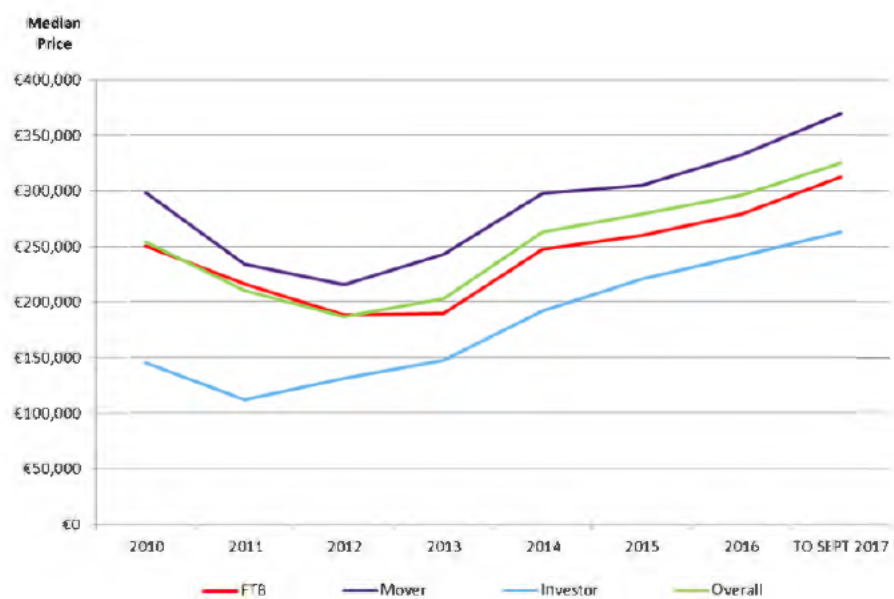
Source: CSO





To provide a context of price trends over the last number of years, the chart below illustrates the median price achieved in Dublin from January 2010 to the end of September 2017 for first-time-buyers, movers and investors.

#### Achieved Median Price in Dublin (January 2010 – September 2017)



Source: CSO, Lisney

## 2.2 Rental Market

### 2.2.1 Rental Prices

The latest RTB data at the end of Q2 2017 show that two and three-bed properties continue to make up around 69% of the total rental market stock in Ireland. It also shows that the index of overall Dublin rents increased by 5.8% on an annual basis. Analysing this further, Dublin houses increased by 2.6% in the 12 months, while apartments were up by 6.8%.

The table below sets out one, two and three-bed average achieved rents in County Dublin and at local area level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three-bed apartments achieved the highest rents in Q2 2017. The postal district that achieved the highest average rent during the quarter was Dublin 2 for one, two and three-bed properties. The lowest achieved rent during the quarter was in Dublin 10, across one, two and three-bed properties.

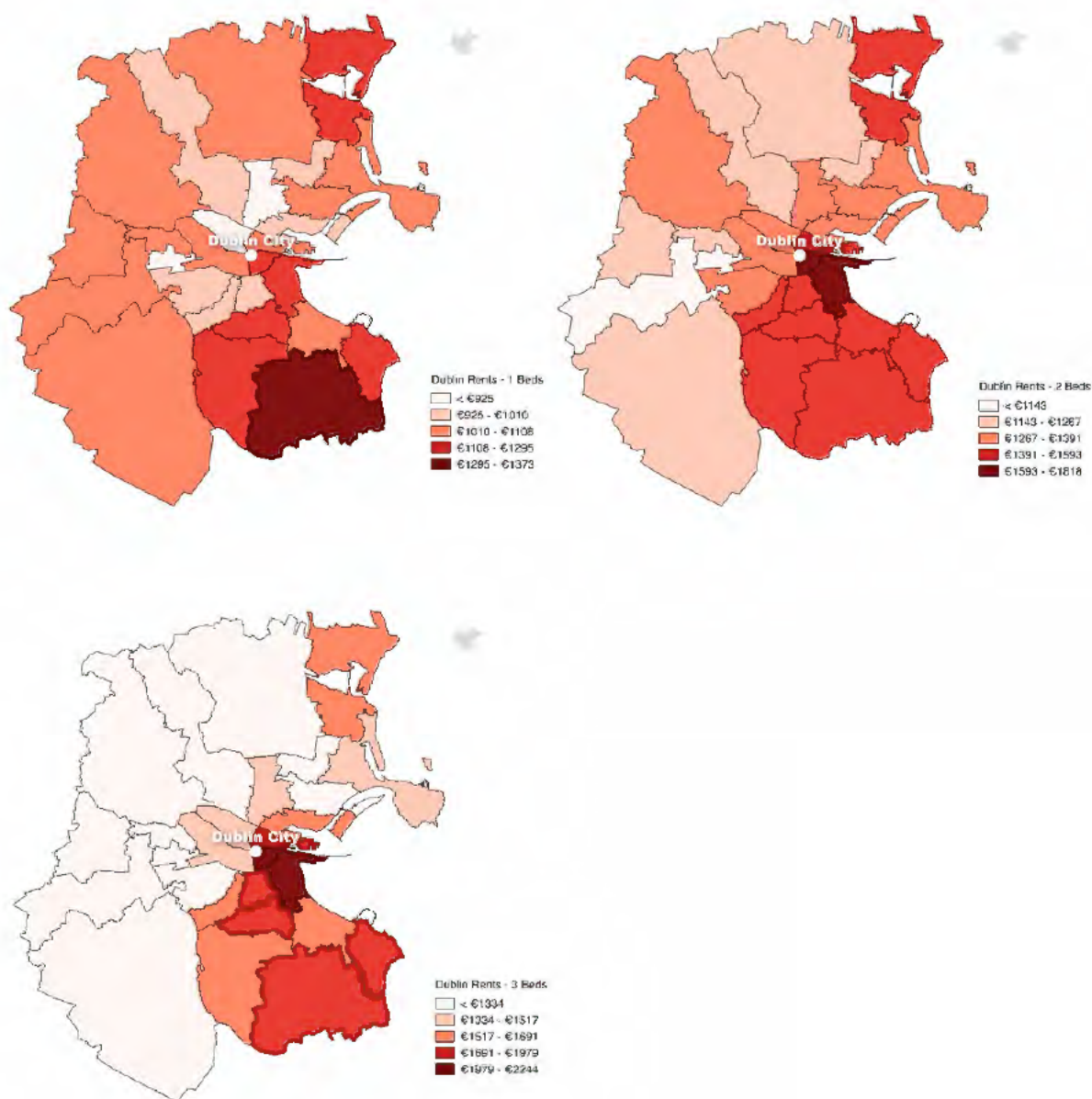
#### Average Achieved Rents (Q2 2017)

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	-	€769	€1,019	€1,169
Two-Bed	€1,428	€1,279	€1,242	€1,402
Three-Bed	€1,571	€1,362	€1,398	€1,666

Source: RTB

#### Average Achieved Rents (Q2 2017)

County	Postcode	One-Bed	Two-Bed	Three-Bed
Dublin	Dublin Overall	€1,095	€1,365	€1,435
	Dublin 1	€1,028	€1,472	€1,726
	Dublin 2	€1,292	€1,818	€2,244
	Dublin 3	€969	€1,391	€1,539
	Dublin 4	€1,266	€1,768	€2,114
	Dublin 5	€1,027	€1,344	€1,329
	Dublin 6	€972	€1,495	€1,863
	Dublin 7	€885	€1,297	€1,436
	Dublin 8	€1,061	€1,352	€1,517
	Dublin 9	€925	€1,305	€1,474
	Dublin 10	€913	€1,113	€1,156
	Dublin 11	€985	€1,214	€1,265
	Dublin 12	€969	€1,284	€1,328
	Dublin 13	€1,049	€1,313	€1,408
	Dublin 14	€1,201	€1,544	€1,830
	Dublin 15	€1,070	€1,278	€1,288
	Dublin 16	€1,222	€1,515	€1,586
	Dublin 17	€1,010	€1,225	€1,275
	Dublin 18	€1,373	€1,593	€1,755
	Dublin 20	€1,043	€1,267	€1,334
	Dublin 22	€1,010	€1,134	€1,174
	Dublin 24	€1,041	€1,221	€1,249

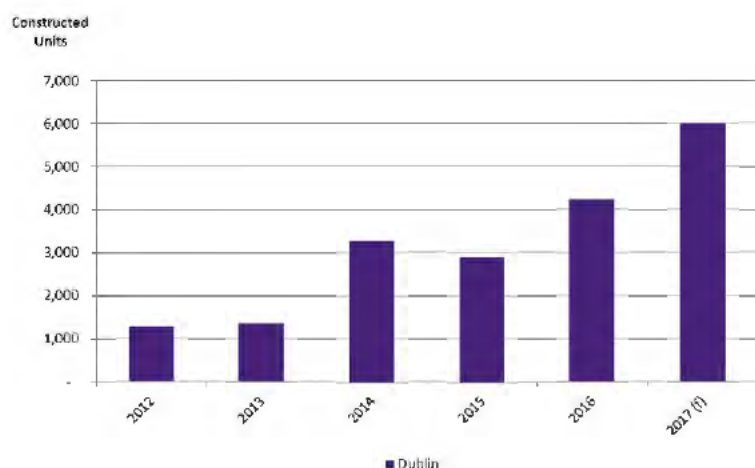


## 2.3 Residential Construction Pipeline

### 2.3.1 Completions

Based on the Department of Housing, Planning and Local Government figures, in the first ten months of 2017, 4,796 units were completed in Dublin. 3,160 (66%) were houses and 1,636 (34%) were apartments. For the full year, we forecast that there will be close to 6,000 units completed with a similar two-thirds / one-third split between houses and apartments. This compares to just 1,266 units at the lowest point in the cycle in 2012, a 374% uplift.

#### Residential Construction Dublin (2012 – 2017f)



Source: DoHPLG, Lisney

### 2.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) across the four Dublin local authorities at the end of Q3 2017 is below. Dublin City Council's administrative area had the largest number of units under construction and notably, 70% of these were apartments. In the 12 months to the end of September, the total number of units under construction has risen by 34% (55% houses / 18% apartments).

Local Authority Area	Houses	Apartments	Total
Dublin City	682	1,643	2,325
Dun Laoghaire-Rathdown	566	1,004	1,570
Fingal	1,469	879	2,348
South Dublin	1,046	104	1,150
Total	3,763	3,630	7,393

Source: DoHPLG, CSO, CIS

### 2.3.3 Planning Granted

The total number of units across the four Dublin local authorities with planning permission granted but construction not yet commenced is almost 22,000. Further analysis of this is set out opposite.

Local Authority Area	Houses	Apartments	Total
Dublin City	1,005	4,505	5,510
Dun Laoghaire-Rathdown	1,036	2,784	3,820
Fingal	4,758	4,657	9,415
South Dublin	2,215	938	3,153
Total	9,014	12,884	21,898

Source: DoHPLG, CSO, CIS

### 2.3.4 Planning Submitted

The total number of units across the four Dublin local authorities with planning permission submitted but as of yet neither granted nor refused totals 10,752 units. 69% of these are apartments with 31% houses.

Local Authority Area	Houses	Apartments	Total
Dublin City	120	3,179	3,299
Dun Laoghaire-Rathdown	710	2,968	3,678
Fingal	1,769	1,137	2,906
South Dublin	689	180	869
Total	3,288	7,464	10,752

Source: DoHPLG, CSO, CIS

## 2.4 Summary

- The Dublin residential market remains very active. In the last two years approximately 2.5% and 2.9% respectively of the housing stock in Dublin was transacted (between 13,000 and 14,000 units annually). In 2017, figures are likely to be at a similar level.
- At the end of November 2017 there were 3,777 second hand properties for sale in Dublin; 2,673 houses and 921 apartments. Taking the central business district of Dublin 1, Dublin 2, Dublin 3 and Dublin 4 there were 167 second-hand properties for sale. 149 (89%) of these were apartments.
- The overall median sales price in Dublin for the year to November 2017 was €325,000.
- The latest RTB data at the end of Q2 2017 show that the index of overall Dublin rents increased by 5.8% on an annual basis; houses +2.6% and apartments +6.8%.
- Across Dublin, the average rent for a two-bed apartment is €1,402 per month. This ranges between €1,134 in Dublin 22 and €1,818 in Dublin 2.
- In 2017, we estimate that there will be close to 6,000 residential units completed with a two-thirds / one-third split between houses and apartments. This compares to just 1,266 units at the lowest point in the cycle in 2012, a 374% uplift.
- At the end of Q3 2017, there were 7,393 units under construction in Co Dublin; 3,763 houses and 3,630 apartments. In the 12 months to September, the total number of units under construction has risen by 34% (+55% houses / +18% apartments).
- There are 21,898 residential units (9,014 houses and 12,884 apartments) in Co Dublin with planning permission granted but with construction not yet commenced.
- There are 3,288 houses and 7,464 apartments (total of 10,752 residential units) in Co Dublin currently in the planning system.







### 3.1 Sales Market

#### 3.1.1 Overview

The Cork residential market has been strong in recent years and remains active. In the last two years approximately 2.2% and 2.1% respectively of the housing stock in Cork was transacted (between 4,900 and 5,200 units annually). In 2017, figures are likely to be at a similar level.

While strong price growth was witnessed in recent years, the pace of growth appears to be less and it is notable that purchasers are more price sensitive above €300,000. This was primarily in the mid to upper-end market activity where buyers were more restricted by the macro-prudential Central Bank rules in relation to higher deposit requirements. The first-time-buyer cohort continues to drive market activity with price inflation in this sector coming on the back of low supply levels and increasing demand. A significant amount of new construction is currently taking place, while a large volume of planning applications have been granted or submitted. A continued increase in construction activity should see supply levels increase to meet required demand in the short to medium-term, and the pace of growth in prices should ease.

#### 3.1.2 Availability

At the end of November 2017 there were 2,988 second hand properties for sale in Cork. In terms of property type, three-bed houses were the most readily available at 923, followed by four bed houses at 866, and two bed apartments, 96.

##### Supply of Previously Occupied Residential Units (End-November 2017)

Location	Houses	Apartments	Total
Cork	2,844	144	2,988

Source: Lisney, MyHome.ie, Daft.ie

The vacancy rate (excluding holiday homes) across County Cork in April 2016 (the most current official data), was 8.7%.

#### 3.1.3 Sales Prices

Median prices for Cork in the year to the end of September 2017, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level. The location with the highest median price was Kinsale, while Charleville generally has the lowest median achieved prices.

##### Median Prices (Year to September 2017)

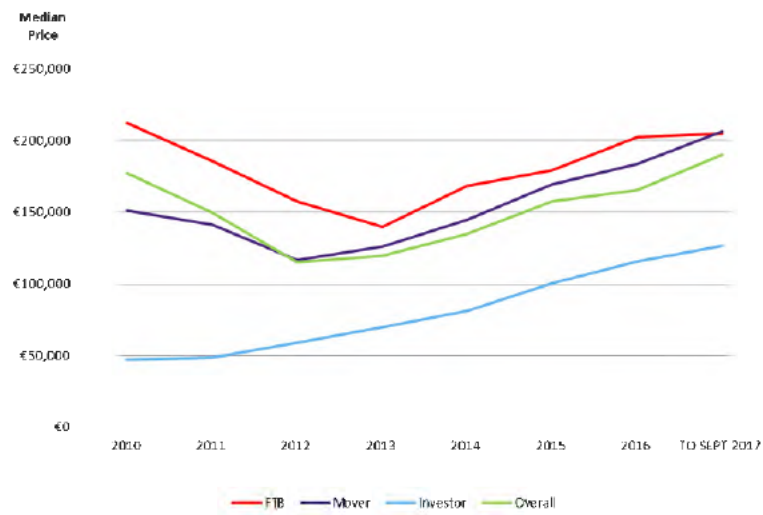
	All Buyer Types	First-Time-Buyer	Mover	Investor
Overall Cork Median Price	€190,000	€205,000	€206,250	€126,500

Source: CSO



To provide a context of price trends over the last number of years, the chart below illustrates the median price achieved in Cork from January 2010 to the end of September 2017 for first-time-buyers, movers and investors.

#### Achieved Median Price in Cork (January 2010 – September 2017)



Source: CSO







## 3.2 Rental Market

### 3.2.1 Rental Prices

The latest available data from the Residential Tenancies Board shows that in Q2 2017 average rents in Cork increased by 7.8% on an annual basis. In Cork city, rents have risen by 7.4% in the 12 months to Q2 2017.

The table below sets out one, two and three-bed average achieved rents in County Cork and at local area level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three-bed apartments achieved the highest rents in Q2 2017. The location that achieved the highest average rent during the quarter was Cork city for three-bed properties and Ballincollig for two-bed properties. The lowest achieved rent during the quarter was in Cork city for one-bed properties, and for two and three-bed properties in Carrigaline.

#### Average Achieved Rents (Q2 2017)

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	€569	€639	€593	€747
Two-Bed	€702	€825	€860	€961
Three-Bed	€808	€903	€917	€1,132

Source: RTB

#### Average Achieved Rents (Q2 2017)

County	Eircode : Location	One-Bed	Two-Bed	Three-Bed
Cork	P12: Macroom	-	-	-
	P14: Crookstown	-	-	-
	P17: Kinsale	-	€945	€1,026
	P24: Cobh	€616	€709	€806
	P25: Middleton	-	€785	€839
	P31: Ballincollig	-	€1,027	€1,021
	P32: Rylane	-	-	-
	P36: Youghal	€551	€613	€687
	P43: Carrigaline	-	€866	€975
	P47: Dunmanway	-	-	-
	P51: Mallow	€534	€645	€751
	P56: Charleville	-	€563	€633
	P61: Fermoy	-	€609	€703
	P67: Mitchelstown	-	-	€688
	P72: Bandon	-	€667	€867
	P75: Bantry	-	€536	€621
	P81: Skibbereen	€427	€514	€581
	P85: Clonakilty	€534	€660	€749
	Cork City	€749	€1,009	€1,060
	T34: Carrignavar	-	-	-
	T45: Glanmire	-	€940	€1,009
	T56: Watergrasshill	-	-	-

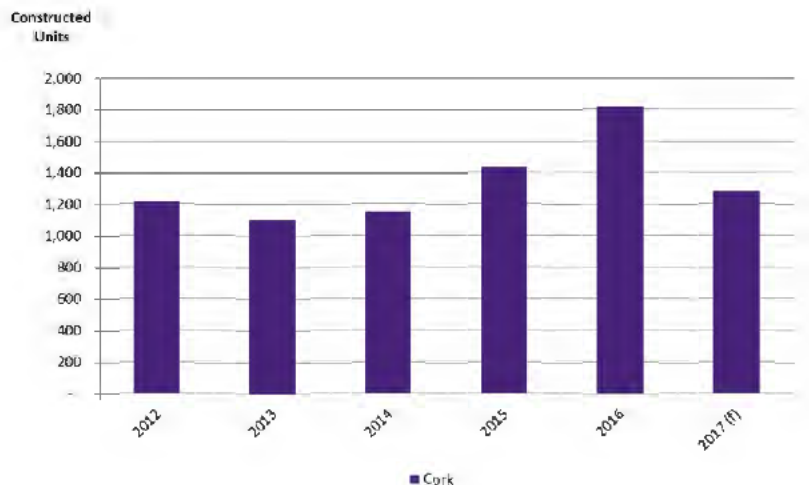
Source: RTB

### 3.3 Residential Construction Pipeline

#### 3.3.1 Completions

Based on the Department of Housing, Planning and Local Government figures, in the first nine months of 2017, 1,458 units were completed in Cork. For the full year, we forecast that there will be close to 2,000 units completed. This compares to just 1,101 units at the lowest point in the cycle in 2013, an 82% uplift.

#### Residential Construction Cork (2012 – 2017f)



Source: DoHPLG, Lisney

#### 3.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) in Cork city and county at the end of Q2 2017 is outlined below. Cork city had 204 units under construction across 10 schemes, while Cork County had 194 units under construction across 11 schemes.

Local Authority Area	Total Units Under Construction	Number of Schemes
Cork City	204	10
Cork County	194	11

Source: DoHPLG, CSO, CIS

#### 3.3.3 Planning Granted

The total number of units across Cork city and county with planning permission granted but construction not yet commenced, is analysed from January 1st 2016 to the end of Q2 2017. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

Local Authority Area	Houses	Apartments	Total
Cork City	200	119	319
Cork County	2,225	138	2,363

Source: DoHPLG, CSO, CIS

### 3.3.4 Planning Submitted

The total number of units across Cork city and county with planning permission submitted but as of yet neither granted nor refused is analysed from January 1st 2017 to the end of Q3 2017. The information is provided for houses, and private apartments in each location, as granted through the relevant local authority.

Local Authority Area	Houses	Apartments	Total
Cork City	122	573	695
Cork County	977	117	1,094

Source: DoHPLG, CSO, CIS

### 3.4 Summary

- The Cork residential market remains active. In the last two years approximately 2.2% and 2.1% respectively of the housing stock in Cork was transacted (between 4,900 and 5,200 units annually). In 2017, figures are likely to be at a similar level.
- At the end of November 2017 there were 2,988 second hand properties for sale in Cork; 2,844 houses and 144 apartments. In terms of type, three-bed houses were the most readily available at 923 properties.
- The overall median sales price in Cork for the year to November 2017 was €190,000.
- The latest RTB data at the end of Q2 2017 show that the index of overall Cork rents increased by 7.4% on an annual basis.
- Across Cork, the average rent for a two-bed apartment is €961 per month. This ranges between €514 in Skibbereen, €1,009 in the city centre and €1,027 in Ballincollig.
- In 2017, we estimate that there will be close to 2,000 residential units completed in Cork, the vast majority of which will be houses. This compares to just 1,101 units at the lowest point in the cycle in 2013, a 82% uplift.
- At the end of Q3 2017, there were 398 units under construction in Cork city and county.
- There are 2,687 residential units (2,425 houses and 257 apartments) in Cork city and county with planning permission granted but with construction not yet commenced.
- There are 1,099 houses and 690 apartments (total of 1,789 residential units) in Cork city and county currently in the planning system.



## 4.1 Sales Market

### 4.1.1 Overview

The Galway residential market has been strong in recent years and remains active. In the last two years approximately 2.3% and 2.0% respectively of the housing stock in Galway was transacted (between 2,250 and 2,550 units annually). In 2017, figures are likely to be at a similar level.

As with all larger urban areas, supply remains tight, although improvements are anticipated in 2018 as new stock begins to emerge. Properties in most demand are those in very good condition and not requiring significant works. Such properties often obtain a substantial premium on poorer quality stock. The first-time-buyer sector of the market is very strong. Much of the demand for residential development land relates to sites suitable for such purchasers, which has been aided by the help-to-buy scheme.

The M17 motorway between Gort and Tuam in Co Galway opened in August 2017. This is a very positive development for the county linking it north and south. The motorway has also opened up new lands for development, which will particularly impact the new homes mid-market and create additional supply.

### 4.1.2 Availability

At the end of November 2017, there were 1,286 second hand properties for sale in Galway. In terms of property type, four-bed houses were the most readily available at 468, followed by three-bed houses at 336 and two-bed apartments at 83.

#### Supply of Previously Occupied Residential Units (End-November 2017)

Location	Houses	Apartments	Total
Galway	1,175	111	1,286

Source: Lisney, MyHome.ie, Daft.ie

The vacancy rate (excluding holiday homes) across County Galway in April 2016 (the most current official data), was 11.1%. The Galway city region is significantly less at 8.3%. This is due to the touristic nature of the western part of the county.



### 4.1.3 Sales Prices

Median prices for Galway in the year to the end of September 2017, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level.

#### Median Prices (Year to September 2017)

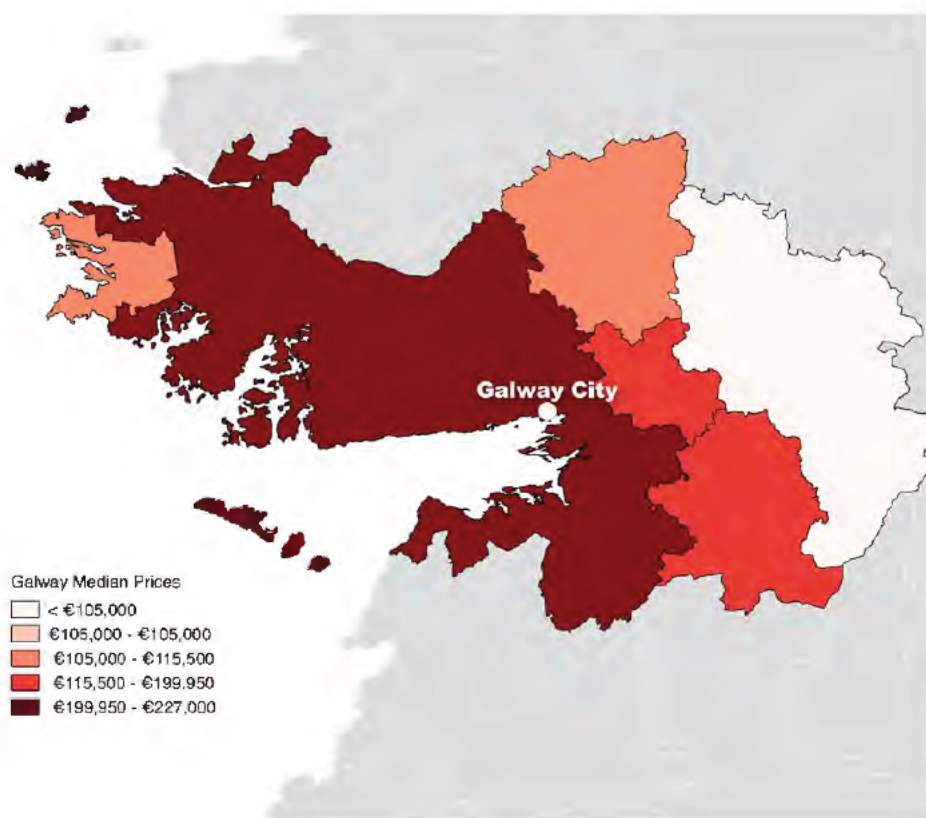
	All Buyer Types	First-Time-Buyer	Mover	Investor
Overall Galway Median Price	€170,250	€197,500	€184,000	€127,500

Source: CSO

#### Median Prices - All Dwellings (Year to September 2017)

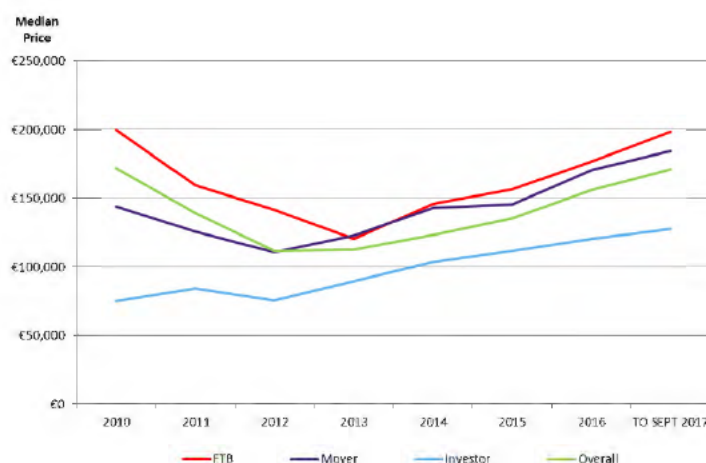
County	Eircode : Location	Median Price
Galway	H53: Ballinasloe	€105,000
	H54: Tuam	€115,000
	H62: Loughrea	€120,000
	H65: Athenry	€199,950
	H71: Clifden	€115,500
	H91: Galway	€227,000

Source: CSO



To provide a context of price trends over the last number of years, the chart below illustrates the median prices in Galway from January 2010 to the end of September 2017, for first-time-buyers, movers and investors.

#### Achieved Median Price in Galway (January 2010 – September 2017)



Source: CSO

## 4.2 Rental Market

### 4.2.1 Rental Prices

The latest available data from the Residential Tenancies Board shows that in Q2 2017 average rents in Galway increased by 7.3% on an annual basis. In Galway city rents have risen 7.6% in the 12 months to Q2 2017.

The table below sets out one, two and three-bed average achieved rents in County Galway and at local area level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three-bed apartments achieved the highest rents in Q2 2017.

#### Average Achieved Rents (Q2 2017)

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	€583	-	-	€679
Two-Bed	€629	€740	€835	€882
Three-Bed	€728	€848	€932	€1,118

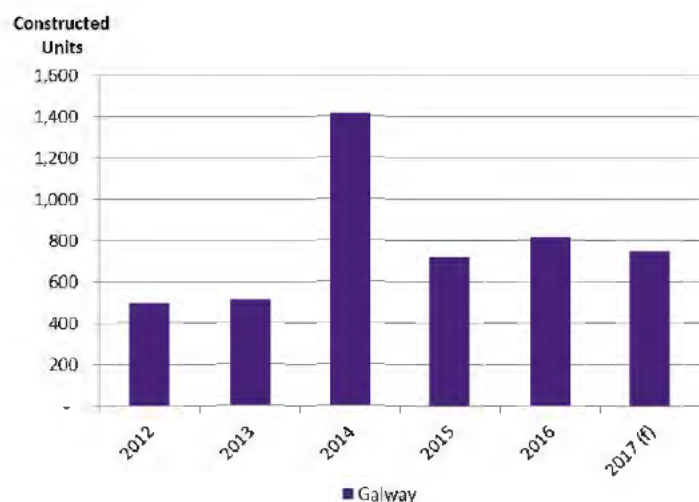
Source: RTB

## 4.3 Residential Construction Pipeline

### 4.3.1 Completions

Based on the Department of Housing, Planning and Local Government figures, in the first nine months of 2017, 567 units were completed in Galway. For the full year, we forecast that there will be about 750 units completed. This compares to just 499 units at the lowest point in the cycle in 2012, a 50% uplift.

#### Residential Construction Galway (2012 – 2017f)



Source: DoHPLG, Lisney

### 4.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) in Galway city and county at the end of Q2 2017 is outlined below.

Area	Total Units Under Construction	Number of Schemes
Galway City	61	3
Galway County	96	4

Source: DoHPLG, CSO, CIS

### 4.3.3 Planning Granted

The total number of units in Galway city and county with planning permission granted but construction not yet commenced, is analysed from January 1st 2016 to the end of Q2 2017. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

Area	Houses	Apartments	Total
Galway City	215	45	260
Galway County	632	17	649

Source: DoHPLG, CSO, CIS

#### 4.3.4 Planning Submitted

The total number of units in Galway city and county with planning permission submitted but as of yet neither granted nor refused is analysed from January 1st 2017 to the end of Q3 2017. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

Area	Houses	Apartments	Total
Galway City	116	79	195
Galway County	112	0	112

Source: DoHPLG, CSO, CIS

#### 4.4 Summary

- The Galway residential market has been strong in recent years and remains active. In the last two years approximately 2.3% and 2.0% respectively of the housing stock in Galway was transacted (between 2,250 and 2,550 units annually). In 2017, figures are likely to be at a similar level.
- At the end of November 2017 there were 1,286 second hand properties for sale in Galway; 1,175 houses and 111 apartments. In terms of type, four-bed houses were the most readily available at 468 properties.
- The overall median sales price in Galway for the year to November 2017 was €170,250.
- The latest RTB data at the end of Q2 2017 show that the index of overall Galway rents increased by 7.3% on an annual basis.
- Across Galway, the average rent for a two-bed apartment is €882 per month. This ranges between €490 in Ballinasloe and €936 in the city centre.
- In 2017, we estimate that there will be close to 750 residential units completed in Galway, the vast majority of which will be houses. This compares to just 499 units at the lowest point in the cycle in 2012, a 50% uplift.
- At the end of Q3 2017, there were 157 units under construction in Galway city and county.
- There are 909 residential units (847 houses and 62 apartments) in Galway city and county with planning permission granted but with construction not yet commenced.
- There are 228 houses and 79 apartments (total of 307 residential units) in Galway city and county currently in the planning system.







## 5.1 Sales Market

### 5.1.1 Overview

The Limerick residential market has been active in recent years. In the last two years approximately 2.2% and 2.0% respectively of the housing stock in Limerick was transacted (between 1,650 and 1,800 units annually). In 2017, figures are likely to be at a similar level.

As with all larger urban areas, supply remains tight and is not meeting demand. A number of new schemes have been granted planning permission or have plans submitted. These are due in 2018 and 2019 in the city and suburbs, which will assist in meeting some of the demand. Three-bed semi-detached homes in good locations are achieving between €220,000 and €250,000 and are most sought after. Apartments are favoured by both investors and those trading-down and are also performing well. It is likely that the pace of price inflation will ease in mid-2018.

### 5.1.2 Availability

At the end of November 2017, there were 957 second hand properties for sale in Limerick. In terms of property type, three bed-houses were the most readily available at 321, followed by four-bed houses at 298, and two-bed apartments at 67.

#### Supply of Previously Occupied Residential Units (End-November 2017)

Location	Houses	Apartments	Total
Limerick	865	92	957

Source: Lisney, MyHome.ie, Daft.ie

The vacancy rate (excluding holiday homes) across County Limerick in April 2016 (the most current official data), was 9.4%.

### 5.1.3 Sales Prices

Median prices for Limerick in the year to the end of September 2017, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level.

#### Median Prices (Year to September 2017)

	All Buyer Types	First-Time-Buyer	Mover	Investor
Median Price	€145,000	€172,000	€145,000	€98,250

Source: CSO

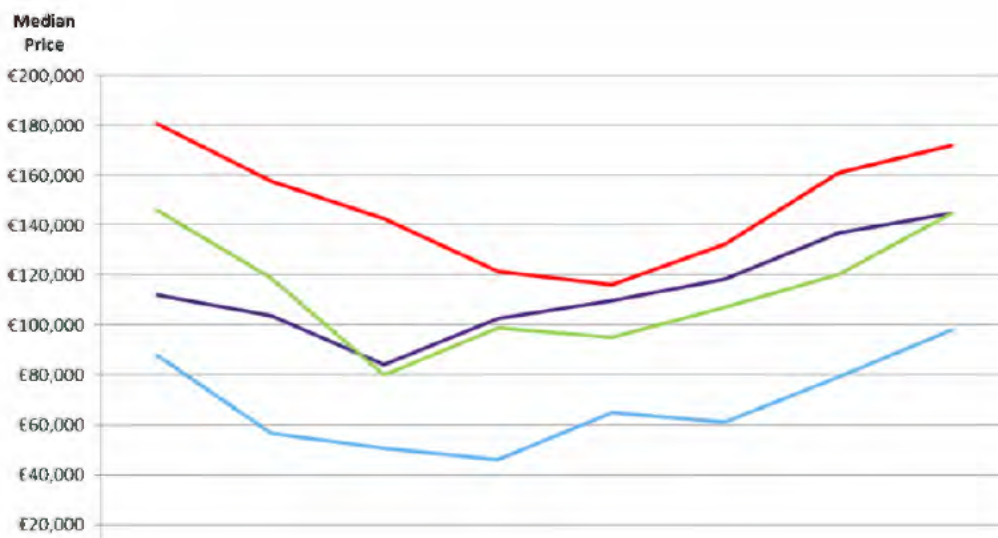
**THE FIRST THREE MONTHS OF THE YEAR**

Source: CSO

Limerick Median Prices

- < €130000
- €130000 - €160000
- €160000 - €180000
- €180000 - €210000

Limerick City



## 5.2 Rental Market

### 5.2.1 Rental Prices

The latest available data from the Residential Tenancies Board shows that in Q2 2017 average rents in Limerick increased by 10.2% on an annual basis. In Limerick city rents have risen 11.1% in the 12 months to Q2 2017.

The table below sets out one, two and three-bed average achieved rents in County Limerick and at local area level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three bed apartments achieved the highest rents in Q2 2017.

#### Average Achieved Rents (Q2 2017)

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	-	-	-	€570
Two-Bed	€570	€633	€637	€682
Three-Bed	€672	€756	€735	€779

Source: RTB

#### Average Achieved Rents (Q2 2017)

Location	Area	One-Bed	Two-Bed	Three-Bed
Limerick	V35: Kilmallock	-	-	-
	V42: Newcastle West	-	€476	€572
	Limerick City	€548	€702	€786
	V95: Ennis	€427	€540	€622

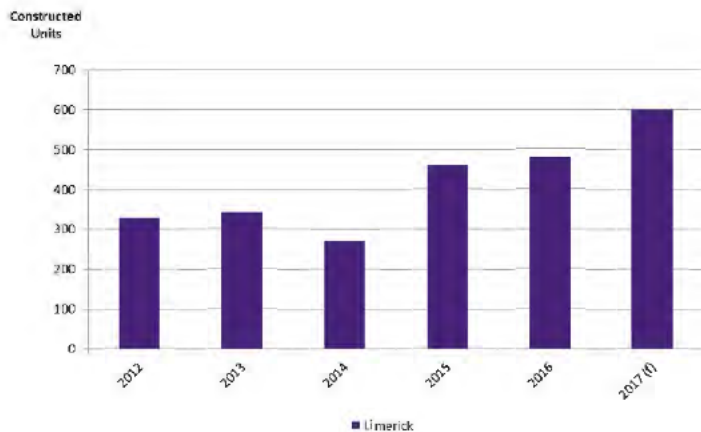
Source: RTB

## 5.3 Residential Construction Pipeline

### 5.3.1 Completions

Based on the Department of Housing, Planning and Local Government figures, in the first nine months of 2017, 419 units were completed in Limerick. For the full year, we forecast that there will be close to 600 units completed. This compares to just 270 units at the lowest point in the cycle in 2014, a 122% uplift.

#### Residential Construction Limerick (2012 – 2017f)



Source: RTB, Lisney

### 5.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) in Limerick city and county at the end of Q2 2017 is outlined below.

Local Authority Area	Total Units Under Construction	Number of Schemes
Limerick City	57	4
Limerick County	59	4

Source: DoHPLG, CSO, CIS

### 5.3.3 Planning Granted

The total number of units in Limerick city and county with planning permission granted but construction not yet commenced, is analysed from January 1st 2016 to the end of Q2 2017. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

Local Authority Area	Houses	Apartments	Total
Limerick City	0	0	0
Limerick County	464	151	615

Source: DoHPLG, CSO, CIS

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### 5.3.4 Planning Submitted

The total number of units in Limerick city and county with planning permission submitted but as of yet neither granted nor refused is analysed from January 1st 2017 to the end of Q3 2017. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

Local Authority Area	Houses	Apartments	Total
Limerick City	128	12	140
Limerick County	124	8	132

Source: DoHPLG, CSO, CIS

### 5.4 Summary

- The Limerick residential market has been active in recent years and remains so. In the last two years approximately 2.2% and 2.0% respectively of the housing stock in Limerick was transacted (between 1,650 and 1,800 units annually). In 2017, figures are likely to be at a similar level.
- At the end of November 2017 there were 957 second hand properties for sale in Limerick; 865 houses and 92 apartments. In terms of type, three-bed houses were the most readily available at 321 properties.
- The overall median sales price in Limerick for the year to November 2017 was €145,000.
- The latest RTB data at the end of Q2 2017 show that the index of overall Limerick rents increased by 11.1% on an annual basis.
- Across Limerick, the average rent for a two-bed apartment is €682 per month. This ranges between €476 in Newcastle West and €702 in the city centre.
- In 2017, we estimate that there will be close to 600 residential units completed in Limerick, the vast majority of which will be houses. This compares to just 270 units at the lowest point in the cycle in 2014, a 122% uplift.
- At the end of Q3 2017, there were 116 units under construction in Limerick city and county.
- There are 615 residential units (464 houses and 151 apartments) in Limerick county with planning permission granted but with construction not yet commenced (note that there were none in Limerick city).
- There are 252 houses and 20 apartments (total of 272 residential units) in Limerick city and county currently in the planning system.





## 6.1 Sales Market

### 6.1.1 Overview

The Waterford residential market is active. In the last two years approximately 2.3% and 2.6% respectively of the housing stock in Waterford was transacted (between 1,200 and 1,400 units annually). In 2017, figures are likely to be at a similar level.

As with all larger urban areas, supply is tight. However, the immediate pipeline of new stock is low, but it is improving. First-time-buyers are active but the majority of sales are to those trading up or down. Houses are most in demand and make up about 85% of all sales with apartments most sought after by investors.

### 6.1.2 Availability

At the end of November 2017 there were 575 second hand properties for sale in Waterford. In terms of property type, four-bed houses were the most readily available at 204, followed by three-bed houses at 199, and two-bed houses at 44.

#### Supply of Previously Occupied Residential Units (End-November 2017)

Location	Houses	Apartments	Total
Waterford	544	31	575

Source: Lisney, MyHome.ie, Daft.ie

The vacancy rate (excluding holiday homes) across County Waterford in April 2016 (the most current official data), was 9.9%.

### 6.1.3 Sales Prices

Median prices for Waterford in the year to the end of September 2017, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level.

#### Median Prices (Year to September 2017)

	All Buyer Types	First-Time-Buyer	Mover	Investor
Waterford Median Price	€128,750	€172,500	€150,000	€77,500

Source: CSO

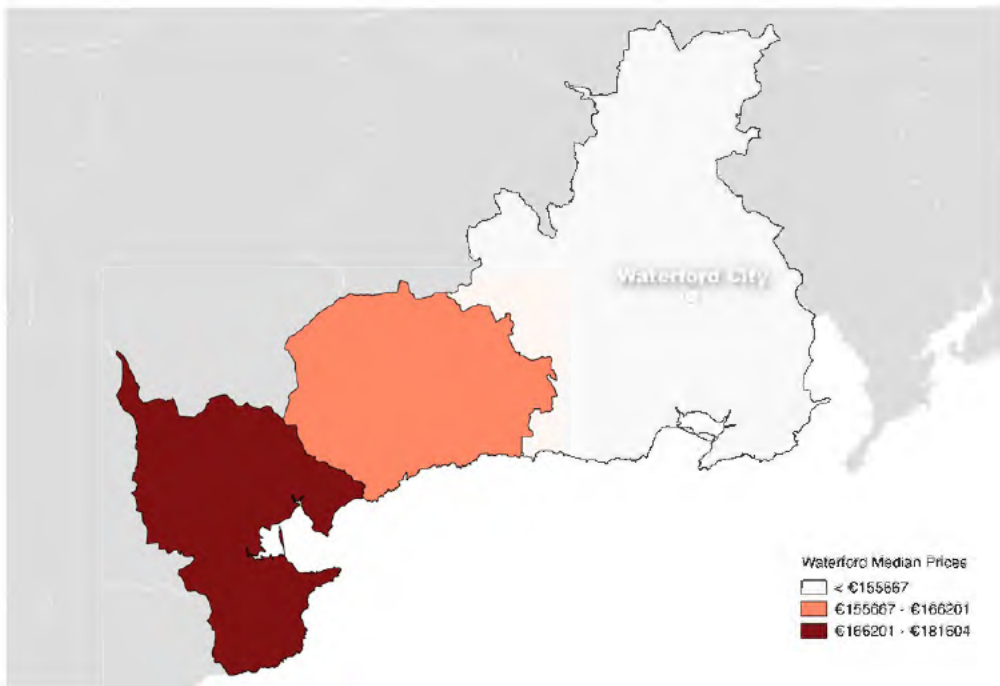


### Median Prices - All Dwellings (Year to September 2017)

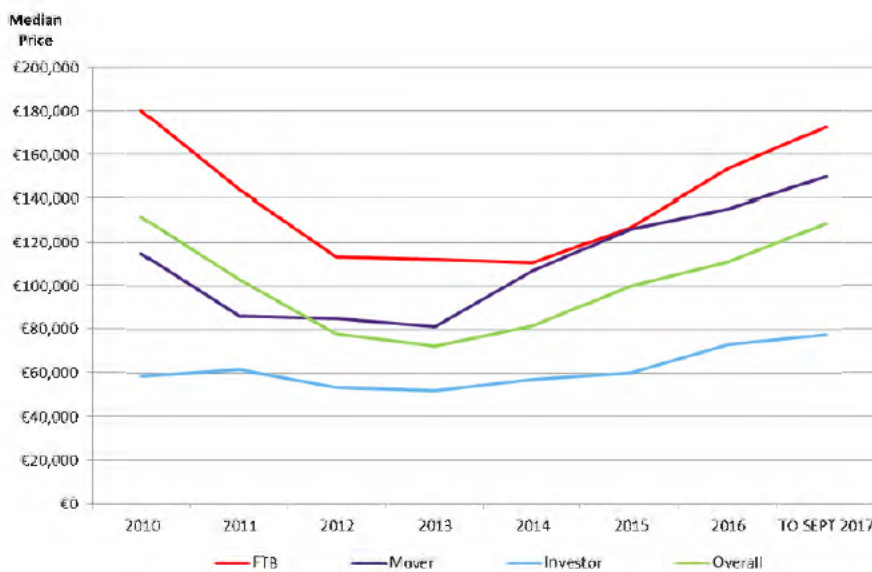
Location	Eircode	Median Price
Waterford	X35: Dungarvan	€181,604
	X42: Kilmacthomas	€158,500
	X91: Waterford	€150,000

Source: CSO

To provide a context of price trends over the last number of years, the chart below illustrates the median price achieved in Waterford from January 2010 to the end of September 2017 for first-time-buyers, movers and investors.



### Achieved Median Price in Waterford (January 2010 – September 2017)



Source: CSO

## 6.2 Rental Market

### 6.2.1 Rental Prices

The latest available data from the Residential Tenancies Board shows that in Q2 2017 average rents in Waterford increased by 9.2% on an annual basis. In Waterford city rents have also risen 9.2% in the 12 months to Q2 2017.

The table below sets out one, two and three-bed average achieved rents in County Waterford and at local level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three-bed semi-detached houses achieved the highest rents in Q2 2017.

#### Average Achieved Rents – Q2 2017

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	-	-	€435	€516
Two-Bed	€552	€589	€585	€602
Three-Bed	€667	€701	€641	€545

Source: RTB

#### Average Achieved Rents – Q2 2017

Location	Area	One-Bed	Two-Bed	Three-Bed
Waterford	X35: Dungarvan	-	€566	€647
	Waterford City	€495	€604	€661

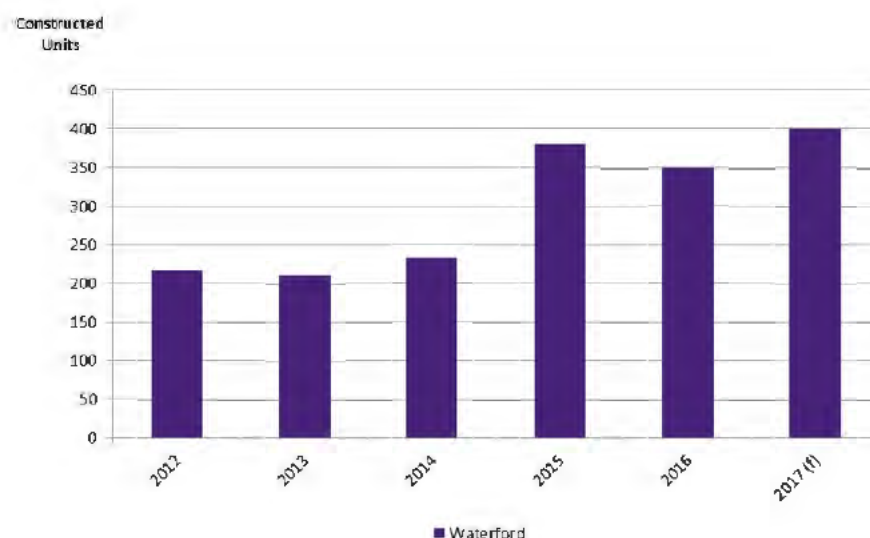
Source: RTB

## 6.3 Residential Construction Pipeline

### 6.3.1 Completions

Based on the Department of Housing, Planning and Local Government figures, in the first nine months of 2017, 278 units were completed in Waterford. For the full year, we forecast that there will be close to 400 units completed. This compares to just 217 units at the lowest point in the cycle in 2012, an 84% uplift.

#### Residential Construction Waterford (2012 – 2017f)



Source: DoHPLG, Lisney



### 6.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) in Waterford city and county at the end of Q2 2017 is outlined below.

Local Authority Area	Total Units Under Construction	Number of Schemes
Waterford City	10	1
Waterford County	150	4

Source: DoHPLG, CSO, CIS

### 6.3.3 Planning Granted

The total number of units in Waterford city and county with planning permission granted but construction not yet commenced, is analysed from January 1st 2016 to the end of Q2 2017. The information is provided for houses and private apartments in each location, as granted through the relevant local authority.

Local Authority Area	Houses	Apartments	Total
Waterford City	0	0	0
Waterford County	313	42	355

Source: DoHPLG, CSO, CIS

### 6.3.4 Planning Submitted

The total number of units in Waterford city and county with planning permission submitted but as of yet neither granted nor refused is analysed from January 1st 2017 to the end of Q3 2017. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

Local Authority Area	Houses	Apartments	Total
Waterford City	256	0	256
Waterford County	129	0	129

Source: DoHPLG, CSO, CIS

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## 6.4 Summary

- The Waterford residential market has been active in recent years and remains so. In the last two years approximately 2.3% and 2.6% respectively of the housing stock in Waterford was transacted (between 1,200 and 1,400 units annually). In 2017, figures are likely to be at a similar level.
- At the end of November 2017 there were 575 second hand properties for sale in Waterford; 544 houses and 31 apartments. In terms of type, four-bed houses were the most readily available at 204 properties.
- The overall median sales price in Waterford for the year to November 2017 was €128,750.
- The latest RTB data at the end of Q2 2017 show that the index of overall Waterford rents increased by 9.2% on an annual basis.
- Across Waterford, the average rent for a two-bed apartment is €602 per month.
- In 2017, we estimate that there will be close to 400 residential units completed in Waterford, the vast majority of which will be houses. This compares to just 217 units at the lowest point in the cycle in 2012, a 84% uplift.
- At the end of Q3 2017, there were 160 units under construction in Waterford city and county.
- There are 355 residential units (313 houses and 42 apartments) in Waterford county with planning permission granted but with construction not yet commenced (note that there were none in Waterford city).
- There are 385 houses and zero apartments in Waterford city and county currently in the planning system.



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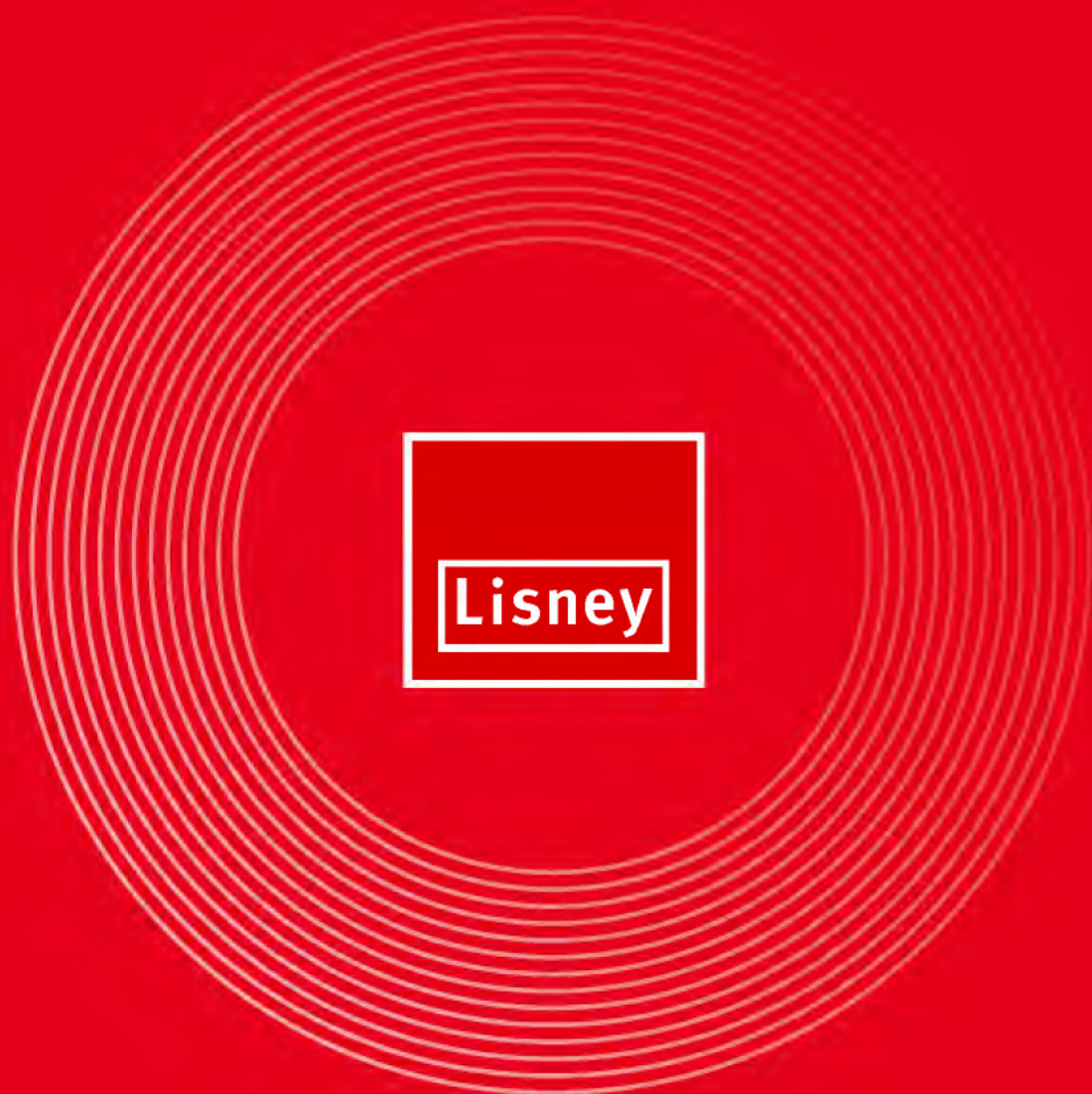
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## **Residential Property | Irish City Regions**

Prepared for: IDA  
Q2 2018





# Definitions

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## **Median Price**

Median price is the midpoint price of all dwellings transacted over the period in question. This is used as opposed to average prices as it provides a better measure in the Irish market given the relatively small size of the market and the distortions that can occur due to very large or very small transactions.

## **Eircode**

An Eircode is a smart location postcode for all Irish addresses, which identifies an individual address (rural or urban), and shows where it is located. Each location has a general Eircode and each individual address contains its own property unique Eircode.

Please note that 'Eircodes' are distinct from 'Postcodes', which are mentioned in the report in relation to Dublin. Traditionally in Dublin, the county was split into postcodes from Dublin 1 to Dublin 24, plus County Dublin for the remainder. When Eircodes were introduced in 2015, the traditional postcode remained in use but in conjunction with an Eircode.

## **Vacancy Rate**

The vacancy rate is the number of unoccupied habitable homes as a proportion of the total housing stock. It should be noted that it is based on the quantum of units and not on an overall floor area.



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## 1.1 Introduction

The Irish residential market has seen a significant change in underlying fundamentals in the past six years. Purchaser demand has increased considerably since 2012, and with a shortage of available properties, most notably in urban centres, this has led to price inflation. In spite of this, prices remain 21% below their previous cycle peak (April 2007) nationally.

The lack of supply in the sales market has also had an impact on the rental market. Rents have increased 43% from the bottom of the market. As a result, in December 2016, the government intervened and introduced rent predictability measures to limit increases.

Residential construction indicators are more positive of late, suggesting a continued increase in activity will occur in the coming years. Data from the CSO shows that in the 12 months to the end of Q1 2018, national residential completions increased by 42%. Commencement notices increased by 14% over the same period (but were 225% higher compared to the year to end-Q1 2013). In the year to March 2018, 24,531 residential units (17,603 houses and 6,928 apartments) were granted planning permission nationally, an increase of 37% annually. Compared to the 12 months to the end of March 2014, when only 6,495 units were granted permission, there is a 278% increase, which highlights the improvements that have been made in addressing the supply imbalance, albeit increases are from a low base.

Residential Construction Summary	Annual Change (Q1 2018)	Comparison to 2013
Completions	+42%	+225% (Q1 2013)
Commencements	+14%	+65% (Q1 2015 <sup>1</sup> )
Planning Permissions	+37%	+59% (Q1 2014)

Source: CSO, BCMS, DHPLG

These indicators, combined with robust Irish economic current and forecast variables, suggest a better functioning residential market in Ireland over the coming years.

## 1.2 Sales Market

### 1.2.1 Overview

Following the collapse of the Irish residential property market in 2007, a new cycle of growth emerged in the latter part of 2012 in urban areas and in 2013 / 2014 in other locations. Since then, purchaser demand has continued to strengthen, most notably in large urban areas, and strong price inflation has occurred.

While prices have risen by 76% nationally in the last six years, much of this growth offset the over-correction that occurred between 2007 and 2012 and was from a very low base. Over that period of decline, residential prices fell well below their replacement cost, to levels that were unsustainable in the longer-term. Also over that period, new home construction depleted dramatically with ESB

<sup>1</sup> BCMS data on commencement notices is only available from March 2014.



connection levels (a proxy for completions) falling from over 93,000 units per annum nationally, to just 8,300 units at the lowest point in 2013, a 91% reduction<sup>2</sup>. This resulted in a significant fall off in supply levels. As the economy started to improve and purchaser demand began to return to the market, more limited options were open to potential purchasers. Hence, prices grew due to increased competition for limited available stock (combined with a growing population).

### Residential Property Price Index (January 2005 – April 2018)



Source: CSO, Lisney analysis

We expect prices to continue to grow in the medium-term, albeit at a slower pace to that witnessed in recent years. This is due to the fact that the pace of new home construction has increased, and as more new home stock becomes available, the intense competition for available properties will lessen. This will be particularly notable in locations where there are good levels of new construction. In Dublin, there may be a levelling-off of price growth for a time. Combined with greater choice through new construction, this will also be due to the fact that asking prices are often not in line with affordability and what purchasers can realistically afford to pay.

### 1.2.2 Demand

In terms of future demand for accommodation in Ireland generally and in the various city regions, reviewing likely population trends is important. In terms of reliable population projections, the CSO released figures in June 2018 (Population and Labour Force Projections 2017 – 2051). In addition to this, the Government released Project Ireland 2040 – National Planning Framework in February 2018. This strategy sets out population targets for the various city regions and housing requirements.

### CSO Population and Labour Force Projections 2016 – 2051

The CSO has produced population projections up to 2051. We have applied these projections (based on the best-case scenario of high fertility and high migration – M1F1) to the various counties<sup>3</sup> and then assumed 2.5 persons per household, thus showing an additional housing requirement over the years. The result is set out in the table opposite.

<sup>2</sup> Official figures from the CSO in relation to housing completions are only available from Q1 2011. Prior to that, connections to electricity (ESB) is used as a proxy. This overstates the figures (during recession times by up to 45%, but less when market conditions are better) but it is the only other source of data available for historic comparison purposes and does show long-term trends.

<sup>3</sup> It should be noted that the CSO's figures are at a national level and for the purpose of this report and for providing an indicative level of future demand, we have applied these national projections to the 2016 actual population figures for each individual county.

<sup>4</sup> The average household size in Ireland was 2.7 persons in the 2016 Census. We have reduced this figure to 2.5 when calculating the implied housing demand due to the fact that the current household size could be considered to be inflated because of housing shortages and adult children living with parents for longer. Additionally, the NPF anticipates that the household size will reduce to 2.5 persons.

	State		Dublin		Cork		Galway		Limerick		Waterford	
	Population	Implied Additional Housing Need	Population	Implied Additional Housing Need	Population	Implied Additional Housing Need	Population	Implied Additional Housing Need	Population	Implied Additional Housing Need	Population	Implied Additional Housing Need
2016	4,739,597		1,347,359		542,868		258,058		194,899		116,176	
2017	4,803,510	25,565	1,365,528	7,268	550,189	2,928	261,538	1,392	197,527	1,051	117,743	627
2018	4,865,573	24,825	1,383,171	7,057	557,297	2,843	264,917	1,352	200,079	1,021	119,264	609
2019	4,926,992	24,568	1,400,631	6,984	564,332	2,814	268,261	1,338	202,605	1,010	120,769	602
2020	4,987,719	24,291	1,417,894	6,905	571,288	2,782	271,568	1,323	205,102	999	122,258	595
2021	5,047,468	23,900	1,434,880	6,794	578,131	2,737	274,821	1,301	207,559	983	123,722	586
2022	5,106,294	23,530	1,451,603	6,689	584,869	2,695	278,024	1,281	209,978	968	125,164	577
2023	5,164,335	23,216	1,468,102	6,600	591,517	2,659	281,184	1,264	212,365	955	126,587	569
2024	5,221,720	22,954	1,484,416	6,525	598,090	2,629	284,308	1,250	214,725	944	127,994	563
2025	5,278,541	22,728	1,500,568	6,461	604,598	2,603	287,402	1,237	217,061	935	129,386	557
2026	5,334,938	22,559	1,516,601	6,413	611,058	2,584	290,473	1,228	219,380	928	130,769	553
2027	5,390,912	22,390	1,532,513	6,365	617,469	2,564	293,520	1,219	221,682	921	132,141	549
2028	5,446,707	22,318	1,548,374	6,344	623,860	2,556	296,558	1,215	223,976	918	133,509	547
2029	5,502,577	22,348	1,564,257	6,353	630,259	2,560	299,600	1,217	226,274	919	134,878	548
2030	5,558,457	22,352	1,580,142	6,354	636,659	2,560	302,643	1,217	228,572	919	136,248	548
2031	5,614,475	22,407	1,596,067	6,370	643,076	2,566	305,693	1,220	230,875	921	137,621	549
2032	5,670,581	22,442	1,612,016	6,380	649,502	2,571	308,748	1,222	233,182	923	138,996	550
2033	5,726,847	22,506	1,628,012	6,398	655,946	2,578	311,811	1,225	235,496	925	140,375	552
2034	5,783,289	22,577	1,644,057	6,418	662,411	2,586	314,884	1,229	237,817	928	141,759	553
2035	5,839,816	22,611	1,660,126	6,428	668,886	2,590	317,962	1,231	240,142	930	143,144	554
2036	5,896,342	22,610	1,676,195	6,428	675,360	2,590	321,040	1,231	242,466	930	144,530	554
2037	5,952,809	22,587	1,692,247	6,421	681,828	2,587	324,114	1,230	244,788	929	145,914	554
2038	6,009,183	22,550	1,708,273	6,410	688,285	2,583	327,183	1,228	247,106	927	147,296	553
2039	6,065,329	22,458	1,724,234	6,384	694,716	2,572	330,240	1,223	249,415	924	148,672	550
2040	6,121,197	22,347	1,740,116	6,353	701,115	2,560	333,282	1,217	251,712	919	150,041	548
2041	6,176,719	22,209	1,755,900	6,313	707,474	2,544	336,305	1,209	253,996	913	151,402	544
2042	6,231,851	22,053	1,771,573	6,269	713,789	2,526	339,307	1,201	256,263	907	152,754	541
2043	6,286,482	21,852	1,787,103	6,212	720,046	2,503	342,282	1,190	258,509	899	154,093	536
2044	6,340,406	21,570	1,802,432	6,132	726,223	2,471	345,218	1,174	260,727	887	155,415	529
2045	6,393,549	21,257	1,817,540	6,043	732,310	2,435	348,111	1,157	262,912	874	156,717	521
2046	6,445,899	20,940	1,832,422	5,953	738,306	2,398	350,961	1,140	265,065	861	158,001	513
2047	6,497,357	20,583	1,847,050	5,851	744,200	2,358	353,763	1,121	267,181	846	159,262	505
2048	6,547,880	20,209	1,861,412	5,745	749,987	2,315	356,514	1,100	269,258	831	160,500	495
2049	6,597,302	19,769	1,875,462	5,620	755,647	2,264	359,205	1,076	271,290	813	161,712	485
2050	6,645,635	19,333	1,889,202	5,496	761,183	2,214	361,837	1,053	273,278	795	162,896	474
2051	6,692,891	18,902	1,902,636	5,374	766,596	2,165	364,409	1,029	275,221	777	164,055	463

In summary, the following number of residential units are required to meet population growth, on average, each year based on the CSO's population forecasts and assuming 2.5 persons per household. This does not take account of the existing pent-up demand that is present due to under-construction in the last decade.

#### Annual Average Housing Need

National	22,323
Dublin	6,346
Cork	2,557
Galway	1,215
Limerick	918
Waterford	547

Source: CSO, Lisney Analysis

## Project Ireland 2040

The National Planning Framework (further details included in section 1.5.6) also sets out population and housing demand estimates up to 2040. For Ireland as a whole, the projections included (produced by the ESRI) estimate that the population of Ireland will increase by about one million people (or +20%) over 2016 levels, to almost 5.7m people by 2040. For the five city regions (i.e. city and suburbs footprint), the following population targets have been set out.

	Targeted Population Increase	% Increase
Dublin City & Suburbs	+ 235,000 to 290,000	20 – 25%
Cork City & Suburbs	+ 105,000 to 125,000	50 – 60%
Galway City & Suburbs	+ 40,000 to 45,000	50 – 60%
Limerick City & Suburbs	+ 50,000 to 55,000	50 – 60%
Waterford City & Suburbs	+ 30,000 to 35,000	50 – 60%
Nationwide	1,000,000	20%

Nationally, according to the NPF, this would give rise to a need for at least an additional 500,000 new homes by 2040. Between 2018 and 2040, an average output of at least 25,000 new home per year are envisaged as required. But the NPF also states that achieving this level of supply will require increased housing output into the 2020s to deal with the deficit that has built up since 2010. To meet projected population and economic growth as well as increased household formation, annual housing output will need to increase to 30,000 to 35,000 homes per annum up to the year 2027 and will be subject to monitoring and review.

In the cities, according to the NPF, the Housing Agency has identified an aggregate need for at least 45,000 new homes in Dublin, Cork, Limerick, Galway and Waterford up to 2020, 30,000 of which are required in Dublin city and suburbs. In the longer term to 2040, there will be a need for provision of at least 275,000 new homes in the cities, with half of these located in existing built-up areas.

## Others

In addition to the above, various commentators and organisations have put forward housing requirements. These can be summarised as follows:

Daft.ie	40,000 – 45,000 units per annum required nationally in the coming years
Goodbody	30,000 units per annum minimum requirement
ESRI	27,000 units in 2018 and up to 28,000 units per annum by 2020
Department Housing Planning & Local Government (Rebuilding Ireland)	25,000 units per annum minimum requirement to 2021
Construction Industry Federation	24,000 units per annum

With the CSO's 2018 population forecasts implying an average annual need for 22,300 units; the NPF suggesting an average of 25,000 units per annum (but frontloaded to 30,000 per annum in the next 10 years); and the above ranging generally between 24,000 and 30,000 units (with one outlier at 40,000 to 45,000), it is reasonable to assume a requirement of 25,000 per annum on average in the long-term but with additional units required in the short-term, perhaps up to 30,000 annually.

We believe that across the entire of Dublin, the future housing need will be split 50/50 between houses and apartments. However, in Dublin city centre it will be almost exclusively apartments. In other city regions, the split is more likely to be 75/25 houses to apartments.

### 1.2.3 Availability

While the number of previously occupied properties (i.e. second-hand) for sale remains at relatively low levels, new homes schemes are now starting to produce additional supply, which is adding to availability. Focusing on the previously occupied section of the market (i.e. second-hand homes), the number of properties available for sale at the end of June 2018 in each of the key counties is set out below. While these supply figures are below optimum levels, they are higher than the lowest level reached in the latter part of 2016 and have increased by 23% overall in the quarter (+23% houses / +26% apartments). This clearly indicates that there is now greater choice available for potential purchasers than there was three months ago.

#### Supply of Previously Occupied Residential Units (End-June 2018)

County	Houses	Apartments	Total
Dublin	3,706	1,406	5,112
Cork	3,150	189	3,339
Galway	1,281	137	1,418
Limerick	965	101	1,066
Waterford	609	33	642
Nationwide	23,227	2,670	25,897

Source: Lisney, Daft.ie, MyHome.ie













It is not possible to accurately track the number of new build units that are available as many are sold prior to completion or the sales process does not complete. However, there are about 500 individual schemes on the market at present across Ireland.

Set out below are some high-profile schemes in each of the counties.

There were about 160 new homes schemes on the market at the end of June 2018 in County Dublin.






## Dublin

	Clay Farm, Leopardstown, Dublin 18	Phase 1: • 410 houses  Phase 2: • 800 houses
	Marianella, Rathgar, Dublin 6	• 5 houses  • 180 apartments
	Lansdowne Place, Dublin 4	• 200 apartments (high end)
	Grace Park Wood, Drumcondra, Dublin 9	• 100+ houses
	Scholarstown Wood, Rathfarnham, Dublin 16	• 314 houses

	Shackleton Park, Lucan, Co. Dublin	<ul style="list-style-type: none"> <li>• 267 houses</li> </ul>
	Cúil Dúin, Citywest, Co. Dublin	<ul style="list-style-type: none"> <li>• 236 houses</li> </ul>
	The Park, Hansfield Wood, Dublin 15	<ul style="list-style-type: none"> <li>• 219 houses</li> </ul>
	St. Helens, Adamstown, Co. Dublin	<ul style="list-style-type: none"> <li>• 177 houses</li> </ul>
	Ashfield, Ridgewood, Swords, Co. Dublin	<ul style="list-style-type: none"> <li>• 173 houses</li> </ul>

## Cork

There were 58 new homes schemes on the market at the end of June 2018 in Co Cork.

	Botanika, Blackrock, Co. Cork	<ul style="list-style-type: none"> <li>• 31 houses</li> </ul>
	Rosefield, Model Farm Road, Model Farm Road, Co. Cork	<ul style="list-style-type: none"> <li>• 20 houses</li> </ul>
	Eden, Blackrock, Cork	<ul style="list-style-type: none"> <li>• 16 units</li> <li>• PP sought for 147 units</li> </ul>
	Foxwarren, Moneygourney, Douglas, Co. Cork	<ul style="list-style-type: none"> <li>• 28 houses</li> </ul>
	Blackrock House, Blackrock, Co. Cork	<ul style="list-style-type: none"> <li>• 37 apartments</li> </ul>

## Galway






There were 15 new homes schemes on the market at the end of June 2018 in Co. Galway.

	Gort an Duin, Oranhill, Oranmore, Oranmore, Co Galway	Phase 2+:  • 58 houses
	Gleanntán Na hAbhann, Craughwell, Co Galway	• 22 houses
	Rossallta, Rosshill Road, Galway, Co. Galway	• 16 houses
	Cúirt Chéirín, Circular Road, Bushypark, Galway, Co. Galway	• 6 houses
	Ceathru an Tobar, Oranmore, Co. Galway	• 23 houses








## Limerick

There were just 11 new homes schemes on the market at the end of June 2018 in Co Limerick.

	Bloomfield, Annacotty, Co. Limerick	<ul style="list-style-type: none"> <li>• 150 houses</li> </ul>
	Caislean na hAbhainn, Castletroy, Co. Limerick	Phase 3+: <ul style="list-style-type: none"> <li>• 35 houses</li> </ul>
	Ros Mór, The Meadows, Ballyneety, Co. Limerick	Phase 2+: <ul style="list-style-type: none"> <li>• 160 houses</li> </ul>
	Evanwood, Golf Links Road, Castletroy, Co. Limerick	<ul style="list-style-type: none"> <li>• 36 houses</li> </ul>
	Templeville, Ballinacurra Road, Punches Cross, Co. Limerick	<ul style="list-style-type: none"> <li>• 42 houses</li> </ul>

## Waterford

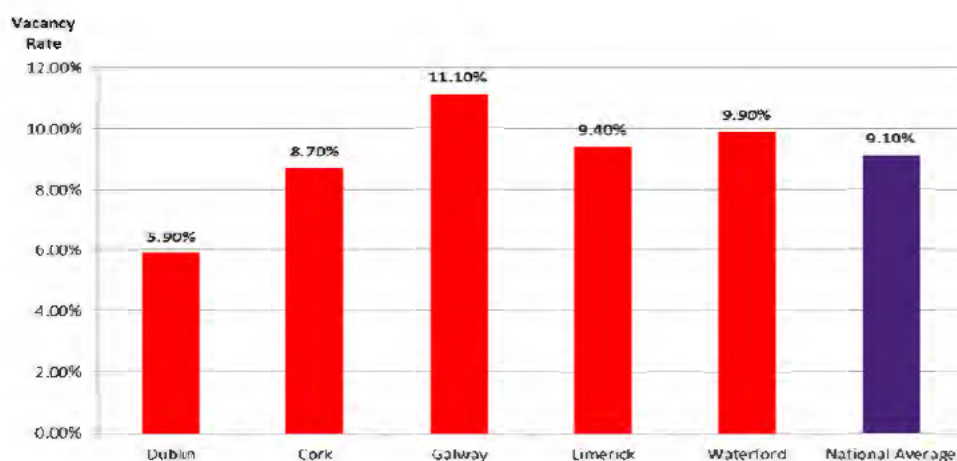
There were just 8 new homes schemes on the market at the end of June 2018 in Co Waterford.

	Castlekeep, Friars Walk, Abbeyside, Dungarvan, Co Waterford	• 18 houses
	Cluain Lárach, Knockenduff, Tramore, Co Waterford	Phase 4: • 23 houses
	Mountfield, New Development Tramore, Tramore, Co Waterford	• 60 houses
	Cluain na Si, Ring, Co Waterford	• 15 houses
	St. James Wood, Stradbally, Co. Waterford	• 14 houses

### 1.2.4 Vacancy Rates

Official data on current vacancy rates in Ireland is not available and plotting availability against housing stock does not provide an accurate result as many vacant properties are not for sale for various reasons. However, findings from Census 2016 provide some indications, albeit dated. On Census night in April 2016, the housing stock nationally stood at 2,003,645 dwellings. A total of 183,312 units were categorised as vacant, leaving the national vacancy rate at 9.2% (excluding holiday homes). There were significant variations in the vacancy rate between locations with Dublin having the lowest rate at 5.9%, Cork at 8.7%, Galway at 11.1%, Limerick at 9.4%, and Waterford at 9.9%. We are of the opinion that these rates are now significantly less.

#### Vacancy Rate – Excluding Holiday Homes (April 2016)



Source: CSO, Lisney Analysis

### 1.2.5 Sales Prices

Achieved sales prices across the country vary considerably with Dublin levels significantly ahead of the other city regions. Set out below are the median<sup>5</sup> prices achieved for the year to the end of April 2018. This is split by buyer type (first-time-buyer, mover and investor) to show the variance between the different categories of purchaser, and also by the nature of the property (new or previously occupied).

There is no clear trend on buyer type and their capacity to spend. As can be seen, movers (i.e. those trading up or down) have the capacity to spend the largest amount on homes in Dublin and Cork, while investors compete at the lower end of the market. In other city regions, first-time-buyers are the largest spenders, followed by movers and then investors. In terms of property type, over the year, newly built homes achieved higher prices than those previously occupied.

#### Median Prices by Buyer Type (12 Months Median to April 2018)

County	All Buyer Types	First-Time-Buyer	Mover	Investor
Dublin	€338,750	€322,500	€375,900	€262,700
Cork	€197,000	€217,000	€219,500	€122,500
Galway	€177,500	€194,750	€190,000	€135,150
Limerick	€152,500	€188,000	€158,750	€96,600
Waterford	€130,900	€183,700	€160,000	€84,250

Source: CSO, Lisney Analysis

<sup>5</sup> Given the relatively small nature of some parts of the Irish property market, the calculation of average prices can be distorted by very large or very small sales prices, i.e. outliers. As such, the median price is a more accurate measure.

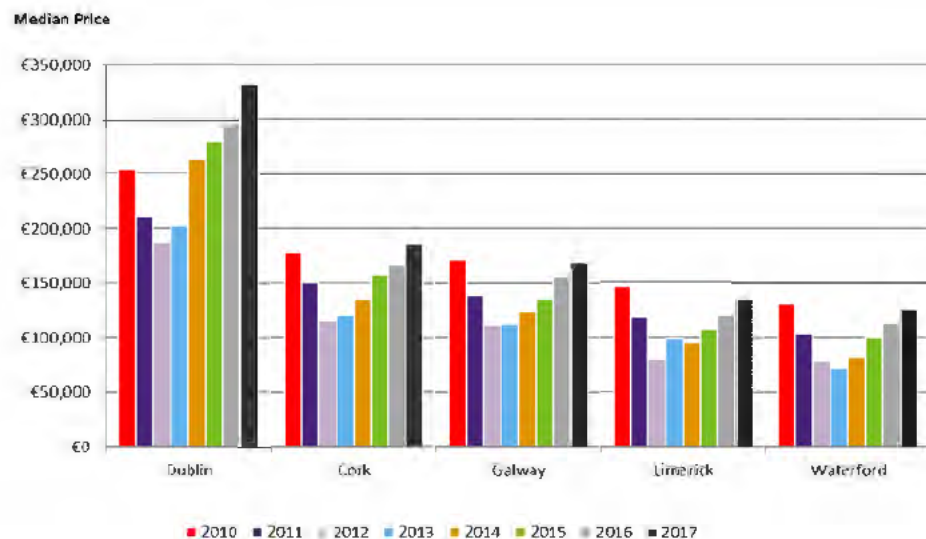
### Median Prices by Nature of Property (12 Months Median to April 2018)

County	All Property Types	Previously Occupied	Newly Built
Dublin	€338,750	€321,000	€382,000
Cork	€197,000	€184,000	€317,500
Galway	€177,500	€174,750	€242,250
Limerick	€152,500	€143,750	€228,700
Waterford	€130,900	€120,250	€201,700

Source: CSO, Lisney

To provide some context to the current median pricing levels above, the chart below shows the trend in median prices since 2010 for all property types.

### Median Prices All Property Types (2010 – 2017)



Source: CSO, Lisney Analysis

#### 1.2.6 Affordability

The most recent EBS / DKM Irish Housing Affordability Index for May 2017, showed that nationally, a working couple who are first-time-buyers use 21.2% of their net income to fund a mortgage. In Dublin the figure for a couple under the same scenario is 27.6%.

To put this in context, during the boom years of the last property cycle, the national figure was 32%, while in Dublin the rate stood at 42.7% (December 2007). As such, properties are significantly more affordable now compared to that time.

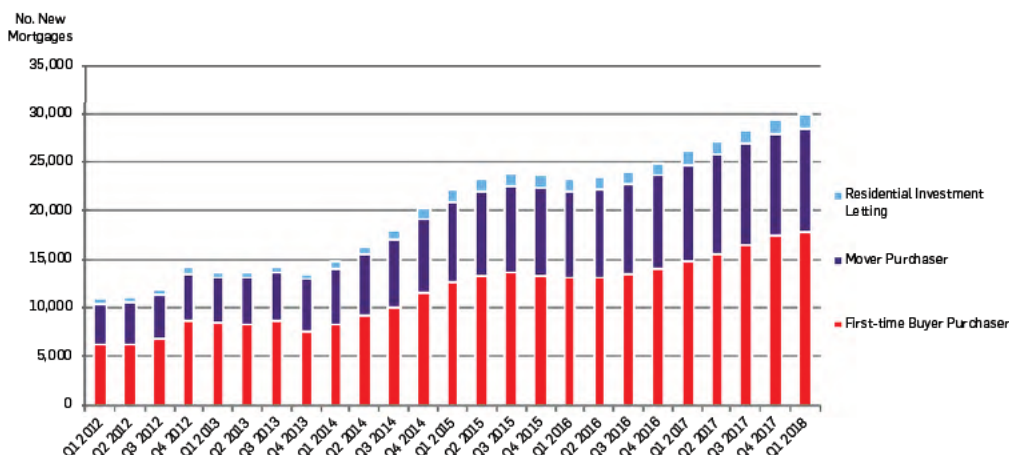
#### 1.2.7 Mortgage Lending

The Irish mortgage market has witnessed a notable uplift in activity since early 2014 and again in the past two years. The total number of drawdowns in the 12 months to the end of Q1 2018 was up by 15% in volume terms and 26% in value terms. The first-time-buyer cohort is driving market activity and currently accounts for half of all mortgage drawdowns. Mover purchasers make up 30% of drawdowns, while investor mortgages account for 4%. The remaining 16% of market activity relates to re-mortgages and top-ups.



When re-mortgages and top-ups are removed, the number of new mortgage activity increased by 15% in volume terms in the year to end-March 2018 and by 25% in value terms. New mortgage lending has increased steadily in annual terms since its lowest level in Q1 2012.

#### Number of New Mortgages\* – 12 Month Rolling Total (Q1 2012 – Q1 2018)



Source: Banking & Payments Federation of Ireland, Lisney analysis

\*Excludes re-mortgages and top-ups.

## 1.3 Rental Market

### 1.3.1 Context

The Irish rental market remains exceptionally active. Supply is tight in many areas and rents have risen rapidly in recent years. Nationally, overall rents have grown by 43% (35% houses and 48% apartments). This is due to various factors including changing demographics; an inability by many to obtain a mortgage as a result of the recession years limiting savings and hence remaining in the rental sector for longer; private landlords moving out of the market due to increased regulation and costs resulting in a declining level of supply from this cohort; and a general lack of construction again limiting supply.

In a bid to address rising rents, the government introduced rent predictability measures in the last two years. In a rent pressure zone, annual increases are limited to 4% while outside of these areas, rents can only be reviewed every two years (see section 1.5.4). These rent predictability measures have given certainty to both landlords and tenants in areas where rents have increased rapidly in recent years. Ultimately, they assist in delivering more affordable accommodation solutions by providing predictable price increases.

The Government is also seeking to improve the functioning of the rental sector more generally and in particular, expanding the build-to-rent sector. The aim is to improve the supply of homes at affordable rents. In terms of build-to-rent, this is a sector of the market that did not traditionally exist in Ireland. However, its benefits in terms of better on-site facilities for tenants and more professional estate management means it is potentially more suitable for longer-term tenant occupancy. In Dublin, it has also become evident in recent months that many of the apartment schemes under construction have been bought or are likely to be bought by professional landlords / funds to be operated as PRS (private rented sector) schemes, and have not been sold unit by unit.

The latest RTB data at the end of Q4 2017 show that two and three-bed properties continue to make up around 69% of the total rental market stock in Ireland.

### 1.3.2 Rental Prices

The Residential Tenancies Board (RTB) registers and tracks details of all residential rentals in Ireland. Set out below are average achieved rents across all property types and sizes in each of the counties.

#### Average Achieved Rents (Q1 2018)

County	All Property Types
Dublin	€1,436
Cork	€948
Galway	€956
Limerick	€812
Waterford	€674

Source: RTB

Further analysis based on the number of bedrooms and nature of the accommodations is set out below.

#### One-Bed Average Monthly Achieved Rents (Q1 2018)

County	Detached House	Semi-Detached House	Terraced House	Apartment
Dublin	-	€881	€1,113	€1,232
Cork	€642	€657	€786	€776
Galway	€614	€657	-	€725
Limerick	-	-	-	€593
Waterford	-	-	€563	€550

Source: RTB

#### Two-Bed Average Monthly Achieved Rents (Q1 2018)

County	Detached House	Semi-Detached House	Terraced House	Apartment
Dublin	€1,372	€1,371	€1,297	€1,463
Cork	€728	€874	€886	€991
Galway	€686	€742	€867	€935
Limerick	€581	€683	€656	€771
Waterford	€586	€616	€609	€646

Source: RTB

#### Three-Bed Average Monthly Achieved Rents (Q1 2018)

County	Detached House	Semi-Detached House	Terraced House	Apartment
Dublin	€1,610	€1,417	€1,441	€1,731
Cork	€854	€946	€954	€1,183
Galway	€766	€887	€956	€1,162
Limerick	€687	€808	€787	€858
Waterford	€709	€729	€689	€692

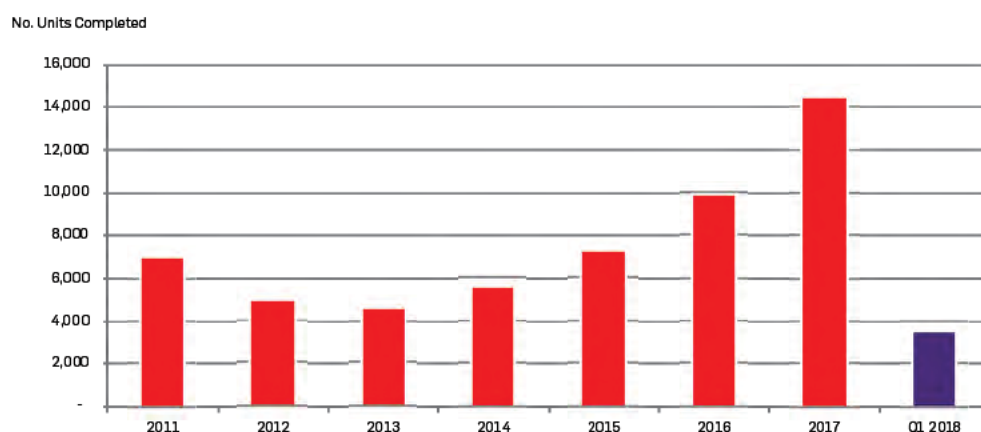
Source: RTB

## 1.4 Residential Construction Pipeline

### 1.4.1 Completions

Based on CSO data, 15,193 units (85% houses / 15% apartments) were completed in the 12 months to the end of March 2018.<sup>6</sup> This compares to just 10,726 in the same period a year previous, a 42% increase. The lowest point of the cycle was in 2013 when just 4,575 units were completed. This means that since then, annual completions have grown by 225%.

#### Residential Construction Nationwide (2011 – Q1 2018)



Source: CSO, Lisney Analysis

The completion figures for the 12 months to end-March 2018 are shown at county level in the table below.

#### Number of Units Constructed (12-Months to End-Q1 2018)

County	House		Apartments		Total
Dublin	3,953	69%	1,810	31%	5,763
Cork	1,381	94%	95	6%	1,476
Galway	636	94%	40	6%	676
Limerick	511	98%	12	2%	523
Waterford	269	94%	18	6%	287
Nationwide	12,928	85%	2,265	15%	15,193

Source: CSO, Lisney analysis

### 1.4.2 Commencement Notices

The total number of units under construction in new homes schemes (with greater than 10 units) varies across regions with Dublin having the greatest number of units under construction. The table below shows the number of units under construction at the end of Q1 2018. In Dublin, at the end of Q1 2018, there were 7,353 units under construction.

<sup>6</sup> Historically, housing completion figures were based on electricity connections and recorded without any reference to units that were re-connections. The CSO has done some work on this and during Q2 2018, released its first publication with accurate housing completion figures. This only dates from Q1 2011 and as such, any longer-term trends (back to 1970) must still be reviewed by reference to the ESB data.

### 1.4.3 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) varies across regions with Dublin having the greatest number of units under construction. The table below shows the number of units under construction at the end of Q1 2018. In Dublin, at the end of Q1 2018, there were 7,353 units under construction.

#### Number of Units Under Construction

County	Houses	Apartments	Units
Dublin	3,724	3,629	7,353
Cork	-	-	2,798
Galway	-	-	635
Limerick	-	-	613
Waterford	-	-	536

Source: DoHPLG, CIS

### 1.4.4 Planning Granted

Set out below is the total number of units across each location with planning permission granted but construction not yet commenced.

#### Number of Units with Planning Permission

County	Houses	Apartments	Total
Dublin	9,465	15,588	25,053
Cork	-	-	3,486
Galway	-	-	641
Limerick	-	-	709
Waterford	-	-	354

Source: CIS

### 1.4.5 Planning Submitted

The total number of units across each location with planning permission submitted but as of yet neither granted nor refused.

#### Number of Units with Planning Applications Submitted

County	Houses	Apartments	Total
Dublin	2,750	5,402	8,152
Cork	-	-	1,621
Galway	-	-	438
Limerick	-	-	452
Waterford	-	-	224

Source: CIS



## 1.5 Housing Policy

The Irish Government and regulatory bodies have introduced a number of policies in recent times relating to the housing market. These primarily comprise rules to reduce the pace of growth and others to increase new home supply. Some of the notable introductions are detailed below.

### 1.5.1 Central Bank of Ireland Macro-Prudential Rules

The Central Bank of Ireland introduced macro-prudential mortgage market regulations in February 2015. Prior to this there were no limits on how much banks could lend to home buyers. The aim of the rules was to enhance the resilience of both borrowers and the banking sector, and to reduce the risk of spiralling house price due to easy access to finance. The rules were amended in January and November 2017, with the main details of the framework as follows:

	Loan-To-Income		Loan-To-Value	
First-Time-Buyer	3.5 x gross income	20% of all FTB mortgages can exceed this limit per year	90% loan (i.e. 10% deposit)	5% of all FTB mortgages can exceed this limit per year
Mover Purchaser	3.5 x gross income	10% of all MP mortgages can exceed this limit per year	80% loan (i.e. 20% deposit)	20% of all FTB mortgages can exceed this limit per year
Investor	No income limits		70% loan (i.e. 30% deposit)	10% of mortgages can exceed this limit per year

### 1.5.2 Rent Predictability Measures

In a bid to address rising rents, the government introduced a number of measures in recent years. In 2015, temporary measures were introduced whereby a landlord could only review rent every two years (traditionally reviews occurred annually). There are exceptions to this, mainly where a property has been substantially upgraded or if it is in a rent pressure zone (RPZ). In relation to the latter, RPZs (which includes all of Dublin and the surrounding commuter towns, in addition to Cork and Galway cities and suburbs) came into effect at the end of 2016 for a three-year period. The aim of this was to provide rent predictability, whereby rental increases in the designated areas were capped at 4% per annum for three years. This means that outside of the RPZs (such as Limerick and Waterford) rents can only be reviewed every two years to market rates. Within rent pressure zones, rents can be reviewed annually but capped at 4%. These measures have had some impact on rents in recent months. For example, the pace of growth in rents for apartments in Dublin has fallen from about 12% per annum throughout 2016 to an annual rate of 4% at the end of 2017. Outside of the greater Dublin area, the annual rate has fallen from 9% to 7.5%.

### 1.5.3 Help-To-Buy

Budget 2017 (in October 2016) introduced the 'Help-to-Buy Incentive'. This scheme allows first-time-buyers to obtain an income tax rebate of 5% of the purchase price of a newly built house or apartment. The maximum relief that can be claimed is €20,000 and no relief can be claimed on previously occupied properties. The aim of this scheme is to increase demand for newly built homes and hence encourage developers to increase construction levels. The government envisage that this scheme will cost about €50m per annum.

The scheme has been successful in bringing forward purchases due to lower deposit requirements, which in turn has given developers confidence and encouraged construction in certain parts of the market. In the latter part of 2017, there was concern that the scheme was causing price increases. However, since the scheme commenced in July 2016 (Budget 2017 backdated it), only 6% of all sales nationally were to first-time-buyers purchasing a new home. As such, this is not having as significant effect on the nationwide market as some thought. Additionally, it should be noted that the median price of a new home nationally has grown by 14% since the scheme commenced while median prices for the market overall have grown by 15%, which means both are relatively in line.

#### 1.5.4 Ireland Strategic Investment Fund (ISIF)

The ISIF fund through the NTMA has been active in property-related finance since 2015. To date, commitments have been given on the following:

Date	Company	Investment	Details
Mar-15	Kilkenny County Council	€12,000,000	Seed investment for town centre urban regeneration - two Brewery Site buildings
Jul-15	Activate Capital	€325,000,000	€325m commitment to a €500m platform for residential development / includes €50m to Cairn Homes on RTE site purchase
Nov-15	Quadrant REA	€100,000,000	Between €50m and €100m debt platform for commercial development
Mar-16	Ardstone Homes	€30,000,000	Deliver of new starter homes
Apr-16	DCU	€230,000,000	Infrastructure for PBSA
Dec-16	Finegrain	€25,000,000	Equity investment to provide industrial property
Sep-17	Hines	€51,700,000	Senior debt commitment to fund infrastructure at Cherrywood
Feb-18	Man Aalto	€25,000,000	Loan finance to residential builders on smaller-scale schemes with the aim of delivering 330 new homes.
	TOTAL	€798,700,000	

#### 1.5.5 Rebuilding Ireland

In July 2016, the Government introduced the 'Rebuilding Ireland' action plan to increase new home construction (to 25,000 units per annum) and improve the rental sector. Key initiatives include:

##### Major Urban Housing Development Sites (MUHDS)

23 sites within the greater Dublin area, Cork, Galway and Limerick have been identified as having the potential to deliver housing units quickly over four years through fast-track planning. This scheme has links with LIHAF with some infrastructural works funding from this.

##### Local Infrastructure Housing Fund (LIHAF)

This is a very positive and important initiative taken by the government through Rebuilding Ireland that is providing €226m for enabling infrastructure on key sites to open up lands for development and accelerate the delivery of housing. It is envisaged that the infrastructure will be delivered by 2019 and the properties by 2021. 30 projects have been selected across Ireland, where providing affordable housing is an important element. Four additional projects have been side-lined due to lack of agreement between local authorities and developers on the amount of affordable housing to be provided. The aim is that this will provide for 23,000 residential units by 2021 and a further 46,000 in 15 years. Across Dublin, Cork, Limerick and Waterford, the following were selected (there were none in Galway):

County	Location	LIDAF Investment	MUHD Site	2021	Longer-Term
Dublin	Belmayne & Clongriffin	€3m	Yes	850	760
	Dodder Bridge - Poolbeg Peninsula	€15.75m	Yes	1,500	1,500
	Cherrywood	€15.19m	Yes	2,000	6,000
	Clay Farm	€4.7m	No	350	-
	Woodbrook - Shanganagh	€4.16m	Yes	1,242	1,300
	Baldoyle Stapolin	€6.18m	Yes	500	-
	Donabate Distributor Road	€14.16m	Yes	1,200	1,000
	Oldtown Mooretown	€4.9m	Yes	800	-
	Adamstown SDZ	€20m	Yes	2,000	1,500
	Clonburris SDZ	€3m	No	1,000	7,000
	Corkagh Grange	€4.39m	Yes	1,000	-
Cork	Old Whitechurch Road	€9.9m	Yes	600	-
	South Docks	€15.5m	Yes	620	-
	Carigaline	€0.6m	No	400	800
	Glanmire	€5.9m	No	300	1,200
	Midleton	€5.5m	Yes	520	500
Limerick	Mungret	€10.5m	No	401	2,250
Waterford	Gracedieu	€1.32m	No	238	-
	Kilbarry	€3.39m	No	400	1,050

Given how successful LIHAF was, a second phase has been announced with €50m to invest in infrastructure.

### Strategic Housing Development (SHD)

SHD is fast track planning that was introduced in July 2017. It is for schemes with more than 100 residential units (and 200 student accommodation bed spaces), where applications can be submitted directly to An Bord Pleanála (ABP - the planning appeals board) and by-pass the local authority system. It involves a two-stage process where in stage one, discussions are had between the applicant, ABP and the local authority for a six-week period. Then applications move on to stage two where ABP takes 14 weeks to review proposals and make a decision. Since this was introduced in July 2017, there have been applications for 13,220 units (3,496 apartments, 4,103 houses and 5,621 bed spaces). 6,824 units have been granted permission with 2,139 refused and 4,257 still being reviewed.

	Apartments	Houses	PBSA	Total
Current Applications	1,927	1,153	1,177	4,257
Granted	964	2,244	3,616	6,824
Refused	605	706	828	2,139
Total	3,496	4,103	5,621	13,220

Source: An Bord Pleanála, Lisney analysis

### National Student Accommodation Strategy

The Department of Education and Skills in conjunction with Rebuilding Ireland launched the strategy in July 2017 and a progress report was issued in April 2018. The aim of the strategy is to increase the number of student accommodation bed spaces by 7,000 by 2019 and by 21,000 by 2024. This is a very welcome development as it will free up over 7,000 apartments and houses that would normally be taken by students (i.e. HMOs – homes in multiple occupancy) but will now be available to the general rental market. The majority of these will be in Dublin and to a lesser extent in Cork, Galway and the other cities.

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### **State Lands Initiative – Rebuilding Ireland Housing Land Map**

This comprises a map on the Rebuilding Ireland website that shows all state, semi-state and local authority lands that are suitable for (re)development. State bodies may sell the lands or do joint ventures with builders through licences to get lands built on. The government envisages that up to 50,000 units could be provided through this.

### **Home Building Finance Ireland (HBFI)**

HBFI is a €750m finance vehicle for commercially viable projects at commercial rates for those finding it difficult to source funding. It was announced in Budget 2018 and is estimated to assist with 6,000 new homes. This scheme has been slow to come on stream, but it has been reported that funds will be available by the end of 2018.

### **1.5.6 Project Ireland 2040**

Launched in February 2018, Project Ireland 2040 comprises two parts; the National Planning Framework (NPF) up to 2040 and the 10-year National Development Plan 2018 – 2027 (NDP). The NPF is a spatial strategy for Ireland, the aim of which is to accommodate demographic changes across the regions, while the NDP is an infrastructural investment programme supporting the NPF.

There are 10 national strategic outcomes identified, which comprise:

#### **1. Compact growth**

- In both urban and rural settlements supported by jobs, houses and services
- 25,000 homes per annum by 2020 and 35,000 per annum up to 2027
- 112,000 social houses in 10 years
- €2bn urban regeneration and development fund – sustainable growth in the five cities and large urban centres
- 40% of future housing in existing built up areas (i.e. brownfield regeneration sites)
- 'National Regeneration and Development Agency' – co-ordination and management of development lands

#### **2. Enhanced regional accessibility**

- Particular focus on the northwest
- Linking regional and urban centres to each other (and not just Dublin)
- Linking 'Atlantic Corridor' – Cork, Limerick, Galway and Sligo
- Investment in inter-urban rail network and bus services

#### **3. Strengthened rural economies and communities**

- Grow the three regions at broadly the same rates – northern/western; southern; eastern/midland (including Dublin)
- 75% of future population growth will be outside of Dublin
- 'Rural Regeneration and Development Fund' of €1bn
- Delivery of the 'National Broadband Strategy'
- Regional and local roads, tourism development, greenways, agricultural, etc

#### **4. Sustainable mobility**

- Environmentally sustainable public transport system to meet the increases in travel demand
- Move away from carbon-intensive systems
- Will include the Metro, DART expansion and 'Bus Connects' programme
- Improved cycling and walking facilities



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## **5. A strong economy, supported by enterprise, innovation and skills**

- Extra 660,000 jobs by 2040
- Goal is to achieve sustainable full employment – bring regional unemployment to within 1% of national figure
- Retain competitiveness for FDI attraction but also focus on local enterprise economy
- €500m 'Disruptive Technologies Innovation Fund' for collaboration between research, education and enterprise

## **6. High-quality international connectivity**

- Investment in ports and airports
- Second runway at Dublin Airport, continued development at Cork and Shannon airports, investment at Knock airport
- Connectivity between ports

## **7. Enhanced amenity and heritage**

- High quality infrastructure is needed for vibrant culture and heritage
- Pursue the 'Creative Ireland Programme' with targeted investment
- New cultural infrastructure plan in next 10 years
- Investment through the Sport Capital Programme

## **8. Transition to low carbon and climate resilient society**

- Significant reduction in carbon emissions up to 2030
- Upgrading 45,000 homes per annum from 2021
- Greater volumes of renewable energy, renewable heat support, low emission and electric buses
- North-south and the celtic interconnectors
- Conversion of Moneypoint to electricity
- €500m 'Climate Action Fund' – focus on interventions in the transport sector
- Investment in flood relief schemes

## **9. Sustainable management of water and other environmental resources**

- Investment in water and wastewater infrastructure
- Priority is a new water supply source for the eastern and midland region
- Waste efficiency

## **10. Access to quality childcare, education and health services**

- Relative to the size of the region, city or town
- Immediate actions in education to respond to the growing population – 50 new large scale schools projects annually to 2021
- Additional 15,000 school places annually
- Increased capacity in the institutes of technology
- Increase in post-graduate and post-doctoral places
- Sustained capital investment in school system to respond to changes in the curriculum and technological developments
- Investment in health infrastructure – move towards community care but with high quality acute and emergency care in appropriate hospitals / will include completion of the national hospital projects underway

**Stemming from of these strategic outcomes, are also strategic investment priorities which are:**

1. Housing and sustainable urban development
2. National road network
3. Rural development
4. Environmentally sustainable public transport
5. Enterprise, skills and innovation capacity
6. Airports and ports
7. Culture, heritage and sport
8. Climate action
9. Water Infrastructure
10. Education, health and childcare

The NPF states that a regional dominance approach is not realistic or implementable given the significance of Dublin and would result in a diminished scale of overall national development. Consequently, regional parity is considered more credible, reasonable and viable whereby the targeted growth of the Northern and Western and Southern Regional Assembly areas combined would exceed that projected under a business as usual scenario and would at least equate to that projected for the Eastern and Midland Region. The NPF target for growing regions is as follows:

Region	Population Increase	Employment Increase	Housing
Eastern & Midland Region			
(Dublin, Wicklow, Kildare, Laois, Offaly, Westmeath, Longford, Meath, Louth)	+ 490,000 – 540,000	320,000	50% of new housing within Dublin city and suburbs footprint.
			30% of all new housing elsewhere but within the existing urban footprint.
Northern & Western Region			
(Donegal, Sligo, Mayo, Galway, Roscommon, Leitrim, Cavan, Monaghan)	+ 160,000 – 180,000	115,000	50% of new housing within Galway city and suburbs footprint.
			30% of all new housing elsewhere but within the existing urban footprint.
Southern Region			
(Clare, Limerick, Kerry, Cork, Waterford, Tipperary, Kilkenny, Carlow, Wexford)	+ 340,000 – 380,000	225,000	50% of new housing within existing Cork, Limerick and Waterford cities and suburbs footprint.
			30% of all new housing elsewhere but within the existing urban footprint.

### 1.5.7 New Apartment Regulations

In March 2018, the Department of Housing, Planning and Local Government issued its final planning guidelines on new apartment developments called Sustainable Urban Housing: Design Standards for New Apartments – Guidelines for Planning Authorities. Within this, aspects of the previous 2015 guidelines have been amended and new areas have been addressed to better reflect contemporary household formation and housing demand patterns in urban areas. This includes removing requirements for car parking in certain circumstances where transport nodes are close by. The guidelines also address the emerging sectors of 'build-to-rent' and 'shared professional accommodation'.

The measures of note contained in the guidelines include:

- Developments may include up to 50% one-bed or studio units (no more than 25% studios) and there are no minimum requirements for schemes to have three or more bedrooms.
- The minimum apartment floor areas are set out. These do not apply to purpose built student accommodation.

Studio Apartment (1 Person)	37 sqm
1-Bed Apartment (2 Persons)	45 sqm
2-Bed Apartment (4 Persons)	73 sqm
3-Bed Apartment (5 Persons)	90 sqm

- At least 33% of units must be dual aspect in urban locations while in suburban locations at least 50% must be dual aspect. For building refurbishment schemes or on small infill sites, the number of dual aspect units will be judged on a case by case basis and may be less than one-third.
- The maximum number of units per core is increased to 12 from eight, and can be higher for refurbishment and small infill schemes.
- There are provisions for general internal storage and utility (within the minimum floor areas), in addition to storage for bulky items outside of individual units (at ground or basement level that are excluded from the minimum floor areas).
- All apartments are required to include private amenity space in the form of gardens or patios/terraces for ground floor apartments and balconies (at least 1.5m deep) at upper levels. These must adjoin the main living area. There are additional requirements for communal amenity space within each scheme.
- Adequate bicycle parking and security is required and this must be directly accessible from the public road or from a shared private area that has access to a public road.
- Car parking:
  - In large scale and high density schemes in central locations that are well served by public transport (15 minute walk to city centre / 10 minutes to rail / 5 minutes to high frequency bus), car parking requirements will be minimised, substantially reduced or wholly eliminated in certain circumstances.
  - In suburban locations that are well served by public transport and where the density of the scheme is more than 45 units per hectare, a reduction in parking must be considered.
  - In peripheral and less accessible urban locations, there should be one parking space per unit with some visitor parking.

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- There are specific guidelines for the build-to-rent (BTR) sector, i.e. purpose-built residential accommodation and associated amenities built specifically for long-term rental that is managed and serviced in an institutional manner by an institutional landlord. When seeking planning permission, these schemes must be clearly identified as BTR and must remain in such use for at least 15 years. Applications must also clearly contain details as to how communal and recreational amenities will be provided. These are categorised as:

- Resident support facilities – laundry facilities, concierge and management facilities, maintenance / repair services, waste management facilities, etc.
- Resident services and amenities – facilities for communal recreational and other activities by residents including sports facilities, shared TV/lounge areas, work / study spaces, function rooms for use as private dining and kitchen facilities, etc.

There are no restrictions on dwelling mix with BTR, but flexibility will apply in relation to the provision of storage and private amenity space associated with individual units. Additionally, car parking will be at a minimum and the requirement for a maximum of 12 units per core will not apply.

- There are also specific guidelines in relation to shared accommodation / shared living / co-living but this sector is viewed as a sub-component of BTR. The guidelines propose one format where one residential unit can comprise between two and six en-suite bedrooms of single and/or double occupancy with a common shared area within the residential unit for living and kitchen facilities. Overall there would be a maximum occupancy of eight persons. The minimum size of the bedrooms and living space is:

Single Bedroom	12 sqm
Double / Twin Bedroom	18 sqm
Living & Kitchen Facilities (1-3 Bedrooms)	8 sqm per person
Living & Kitchen Facilities (4-6 Bedrooms)	12 sqm per person

Such accommodation will only be permitted in areas where there is an identified urban housing need at particular locations and it is not envisaged as an alternative or replacement to more conventional apartment developments. There will be no restrictions on dwelling mix and flexibility will be applied in relation to the provision of all storage and amenity space. There will be a policy of minimal car parking but there will be a requirement to have a strong central management regime.

These new guidelines are significant changes, particularly in terms of car parking requirements and are addressing the changing occupational needs of urban dwellers. The changes will assist in making apartment schemes viable to construct. A recent report by the Society of Chartered Surveyors (SCSI) showed that for a medium-rise (5 – 8 storeys) block of apartments in Dublin city centre, the cost of building a 2-bed unit was approximately €470,000 and this fell short of the likely sales price by €133,000, hence showing that schemes are often unviable. Much of the cost is tied into providing basement car parking and by reducing this, the viability improves.

### 1.5.8 Built-To-Rent

As set out in section 1.5.7 above, the new apartment guidelines incorporate statutory guidelines on the build-to-rent sector. This sector is critical for providing more rental accommodation in the market and through professional landlords. The government has said that it expects up to 5,000 build-to-rent apartments will be built in the coming years. Dublin, and indeed other cities, have not seen much build-to-rent construction and it may be that developers were waiting for the new regulations that will reduce the construction costs, and as with apartments generally will improve viability. It should be noted that any new schemes granted planning permission as 'build-to-rent' must remain in such use for a minimum period of 15 years and schemes cannot be broken up with individual units sold off within that timeframe.



### 1.5.9 Vacant Site Levy

This was introduced a number of years ago in a bid to discourage land hoarding. Collection of the levy will commence in 2019 at a rate of 3% in that year and then for subsequent years, it will be charged at 7% per annum. It may have an impact on land values, which is positive for development viability and allowing for the quicker regeneration of lands, however, the legislation is not very prescriptive and there are ways in which landowners may become exempt from the tax. This is likely to be amended in the coming months with a new refined definition due of what constitutes a vacant site. There will also be amendments in relation to ensuring that planning permissions are activated sooner, and development is not delayed. It should also be noted that independent TD's are due to put forward a Bill, which would seek to increase the vacant site levy rate to 25%. The government has confirmed that it will not oppose the Bill but has highlighted possible constitutional issues. Also regarding the vacant site levy, it is disappointing that reports have suggested that just 6% of Dublin lands (that are zoned and serviced) owned by the four local authorities has been included on the register.

## 1.6 International Comparisons

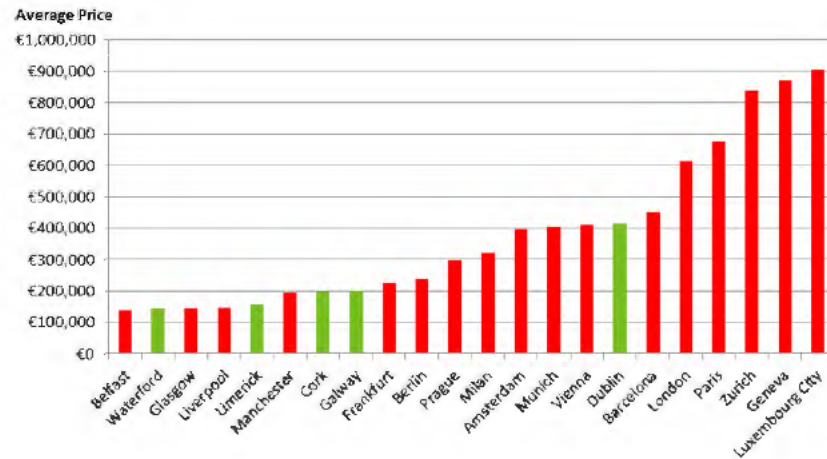
### 1.6.1 Competing Cities

For an international comparison, set out below are average prices in various European cities. It should be noted that there is no one single source of comparable information regarding average prices. While most European countries have official property price indices, with the exception of Ireland and the UK these only show trends in prices and do not provide average prices. As such, we have relied on various sources, much of which is subjective analysis, to provide an estimate of average prices in each city.

Also set out in the table is each city's population and the unemployment rates at the end of January 2018. The average wage shown comprises the net annual earnings at a country level.

City	Population	Unemployment Rate (Country Level)	Average Wage Per Annum (Country Level)	Average Price	Average Rent Per Month
Amsterdam	810,938	3.9%	€45,038	€395,000	€1,750
Barcelona	1,749,281	15.8%	€32,958	€450,000	€1,300
Belfast	136,500	4.1%	€37,430	€139,000	€1,050
Berlin	1,773,631	3.4%	€40,728	€241,000	€1,150
Cork	119,230	5.3%	€40,786	€200,000	€1,300
Dublin	554,554	5.3%	€40,786	€390,000	€1,850
Frankfurt	717,624	3.4%	€40,728	€232,000	€1,350
Galway	258,552	5.3%	€40,786	€182,100	€1,100
Geneva	191,557	3.2%	€53,308	€871,000	€3,500
Glasgow	598,830	4.1%	€37,430	€145,000	€1,050
Limerick	195,175	5.3%	€40,786	€162,100	€950
Liverpool	465,700	4.1%	€37,430	€148,000	€900
London	8,787,892	4.1%	€37,430	€611,000	€2,350
Luxembourg City	103,641	5.2%	€53,713	€905,000	€1,900
Manchester	541,300	4.1%	€37,430	€194,000	€1,250
Milan	1,360,422	10.7%	€31,375	€272,000	€1,400
Munich	1,430,000	3.4%	€40,728	€404,000	€1,750
Paris	2,240,681	9.2%	€37,450	€675,000	€2,350
Prague	1,259,000	2.3%	€21,716	€202,000	€900
Vienna	1,767,000	4.6%	€43,093	€410,000	€1,200
Waterford	53,500	5.3%	€40,786	€127,000	€850
Zurich	384,786	3.2%	€53,308	€838,000	€2,250

Source: Eurostat (Population, Unemployment Rate), OECD (Average Wage), various individual country property sales & rental portals.



### 1.6.2 Eurostat House Price Index

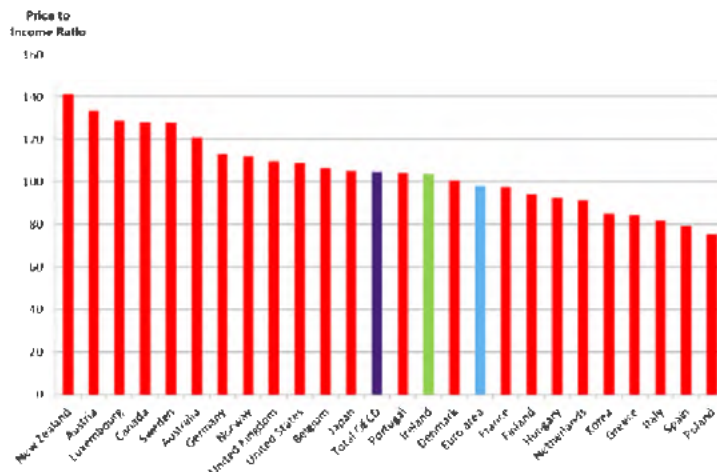
The Eurostat House Price Index provides trends in house prices at EU and individual member level of newly built and existing residential properties.

The latest quarterly figures for Q1 2018 show that on an annual basis, average house prices increased by 4.5% and 4.7% in the Euro Area and the EU respectively. Individual country annual changes in house prices are included in the table below (where available).

	Annual Change in House Prices (Q1 2018)
European Union	4.7%
Euro area	4.5%
Belgium	2.5%
Bulgaria	7.1%
Czech Republic	7.7%
Denmark	5.8%
Germany	5.3%
Estonia	6.6%
Ireland	12.3%
Spain	6.2%
France	3.4%
Croatia	8.5%
Italy	-0.4%
Cyprus	3.7%
Latvia	3.7%
Lithuania	7.8%
Luxembourg	6.2%
Hungary	11.5%
Malta	5.2%
Netherlands	9.3%
Austria	5.3%
Poland	6.0%
Portugal	12.2%
Romania	6.6%
Slovenia	13.4%
Slovakia	11.7%
Finland	-0.1%
Sweden	-0.4%
United Kingdom	4.4%
Iceland	13.7%
Norway	-1.1%

Source: Eurostat

### 1.6.3 OECD Price to Income Ratio

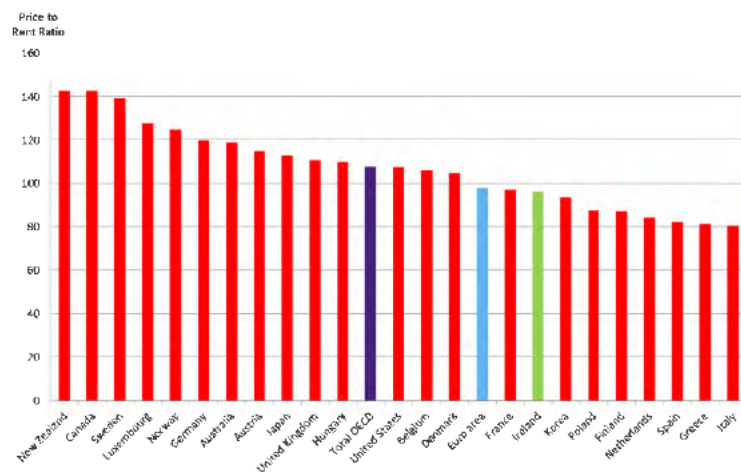


Source: OECD

The OECD produces a ratio of nominal house price divided by nominal disposable income per head. This is a measure of house price affordability and is used to assess under-valuations and over-valuations of property prices in various markets. The results for 2017 are set out above.

### 1.6.4 OECD Price to Rent Ratio

The OECD produces a ratio of nominal house prices to rent prices. This measures the affordability of owning a house. The results for 2017 are set out below.



Source: OECD

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## 1.7 Summary

- The Irish residential market has seen a significant change in underlying fundamentals in the past six years. Purchaser demand has increased considerably, which has led to price increases. Much of this growth offset the over-correction that occurred between 2007 and 2012 and was from a very low base.
- The average new housing supply need nationally each year is between 25,000 and 30,000 units. In Dublin, this will be split 50/50 between houses and apartments, while in the other city regions, the split is more likely to be 75/25 houses to apartments.
- Second hand supply nationally in June 2018 was 26,000. There were approximately 500 new homes schemes on the market.
- The national vacancy rate was 9.2% according to Census 2016. However, not all properties vacant are available for sale.
- The median sales price for all buyer types and all property types was €338,750 in Dublin; €197,000 in Cork; €177,500 in Galway; €152,500 in Limerick; and €130,900 in Waterford.
- The average first-time-buyer working couple uses 21.2% of their net income to fund a mortgage in Ireland. This was 32% in 2007.
- In a bid to slow down the pace of rising residential rents, rent pressure zones were introduced by the government. This limits annual rental growth to 4%.
- Average monthly rents in each city region vary as follows – Dublin at €1,436; Cork at €948; Galway at €956; Limerick at €812; and Waterford at €674.
- Data from the CSO shows that in the 12 months to the end of Q1 2018, national residential completions increased by 42%. Commencement notices increased by 14% over the same period (but was 225% higher compared to the year to end-Q1 2013). In the year to March 2018, 24,531 residential units (17,603 houses and 6,928 apartments) were granted planning permission nationally, an increase of 37% annually.
- The number of units under construction is growing. In Dublin at the end of Q1 2018, there were 7,353 units under construction.
- Across Dublin, Cork, Galway, Limerick and Waterford there are 15,151 residential units with planning permission but no construction has yet started.
- There are 7,098 residential units in the planning system seeking permission in the counties of Dublin, Cork, Galway, Limerick and Waterford.
- The Irish Government and regulatory bodies have introduced a number of policies in recent times relating to the housing market. These primarily comprise rules to reduce the pace of growth and others to increase new home supply. Some improvements are starting to be seen as a result.
- The Eurostat House Price Index grew by 4.5% in the Euro Area in the 12 months to the end of Q1 2018 and by 4.7% in the EU.





## 2.1 Sales Market

### 2.1.1 Overview

The Dublin residential market remains very active. In 2015 and 2016 approximately 2.5% and 2.9% respectively of the housing stock in Dublin was transacted (between 13,000 and 14,000 units annually). Improvements were seen in 2017 with just under 16,000 units transacted or approximately 3% of stock. For a market that has supply constraints, this is noteworthy as international evidence suggests that an optimal figure is between 3% and 4%. Significant price increases were witnessed in 2014 and into 2015. However the introduction of the mortgage lending rules in 2015 did have the desired effect of taking some steam out of the market in certain sections and price inflation slowed.

Price increases are evident, particularly for properties up to a value of €500,000. This part of the market is dominated by first-time-buyers and those wishing to trade down. The help-to-buy scheme is also impacting here by assisting first-time-buyers through a tax rebate of 5% if a newly constructed home is purchased. Apartments generally fall into this lower value category and those that are well located close to amenities and good transport links are well sought after and seen as a more affordable option by many who want to remain close to the city centre.

The middle market (between €500,000 and €1m) mainly comprises those trading up. It is also active but is more restricted by supply constraints, the mortgage lending rules, and sales 'chains'. At the upper end of the market and for properties in excess of €1m, it is property and buyer specific. Homes that are in turnkey condition can achieve a premium, while those requiring significant works can take longer to sell.

In recent months, we have witnessed a general stabilisation in prices. Much of this is due to the gap between vendors and potential purchasers. In many situations, particularly in the mid-market, asking prices are ahead of purchaser affordability and as such, purchasers are standing back. It is likely that there needs to be an adjustment in vendors' expectations to reach realistic asking prices.

### 2.1.2 Availability

At the end of June 2018 there were 5,112 second hand properties for sale in Dublin. In terms of postal district, Dublin 15 accounted for the largest number of available properties with 404, while north and south county Dublin had 708 and 576 properties available, respectively. In terms of property type, three-bed houses were the most readily available at 1,793, followed by four-bed houses at 1,192, and two-bed apartments at 931.

#### Supply of Previously Occupied Residential Units (June 2018)

Location	Houses	Apartments	Total
Dublin	3,706	1,406	5,112

Source: MyHome.ie, Lisney analysis

In terms of new home supply, it is not possible to track the number of units available for sale. However, there were 160 new homes schemes on the market at the end of June 2018. The vacancy rate (excluding holiday homes) across County Dublin in April 2016 (the most current official data), was 5.9%.

### 2.1.3 Sales Prices

Median prices for Dublin in the year to the end of April 2018, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level. The location with the highest median price range was Dublin 6. Dublin 10 generally has the lowest median achieved prices but also has a relatively low housing stock.

#### Median Prices (Year to April 2018)

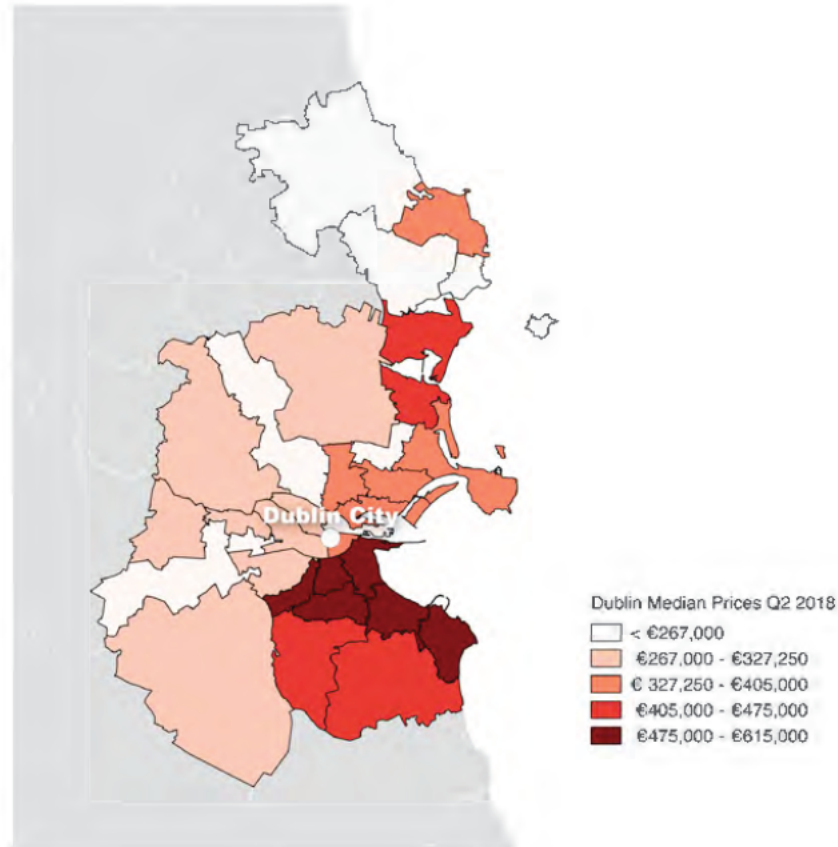
	All Buyer Types	First-Time-Buyer	Mover	Investor
Overall Dublin Median Price	€338,750	€322,500	€375,900	€262,700

Source: CSO

#### Median Prices - All Dwellings (Year to April 2018)

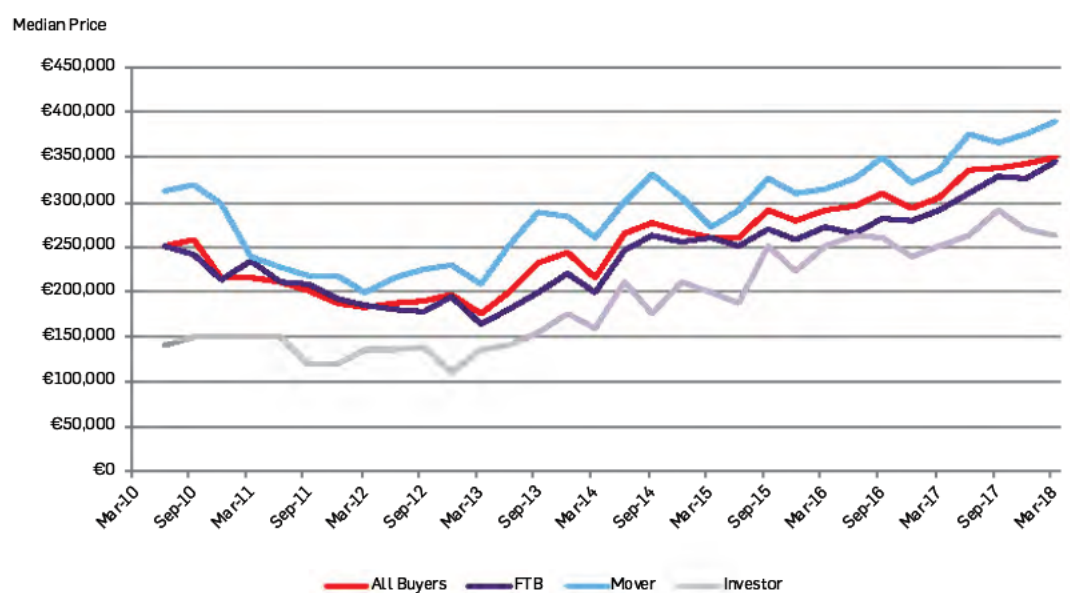
Dublin	A94: Blackrock	€592,500
	A96: Glenageary	€573,700
	D01: Dublin 1	€264,250
	D02: Dublin 2	€386,500
	D03: Dublin 3	€373,125
	D04: Dublin 4	€535,500
	D05: Dublin 5	€377,000
	D06: Dublin 6	€615,000
	D07: Dublin 7	€324,750
	D08: Dublin 8	€304,250
	D09: Dublin 9	€405,200
	D10: Dublin 10	€216,000
	D11: Dublin 11	€238,125
	D12: Dublin 12	€311,000
	D13: Dublin 13	€345,750
	D14: Dublin 14	€569,425
	D15: Dublin 15	€314,100
	D16: Dublin 16	€475,000
	D17: Dublin 17	€221,125
	D18: Dublin 18	€467,500
	D20: Dublin 20	€327,250
	D22: Dublin 22	€258,250
	D24: Dublin 24	€292,850
	D6W: Dublin 6W	€521,500
	K32: Balbriggan	€222,500
	K34: Skerries	€342,500
	K36: Malahide	€442,300
	K45: Lusk	€261,250
	K56: Rush	€267,000
	K67: Swords	€306,375
	K78: Lucan	€302,000

Source: CSO



To provide a context of price trends over the last number of years, the chart below illustrates the median price achieved in Dublin from Q1 2010 to Q1 2018 for first-time-buyers, movers and investors.

#### Achieved Median Price in Dublin (Q1 2010 – Q1 2018)



Source: CSO, Lisney



## 2.2 Rental Market

### 2.2.1 Rental Prices

The RTB index shows that average Dublin rents increased by 6.6% on an annual basis to Q1 2018. For all property types, the average rent in Co Dublin at the end of Q1 2018 was €1,436.

The table below sets out one, two and three-bed average achieved rents in County Dublin and at local area level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three-bed apartments achieved the highest rents in Q1 2018. The postal district that achieved the highest average rent during the quarter was Dublin 2 for one, two and three-bed properties. The lowest achieved rent during the quarter was in Dublin 10, across one, two and three-bed properties.

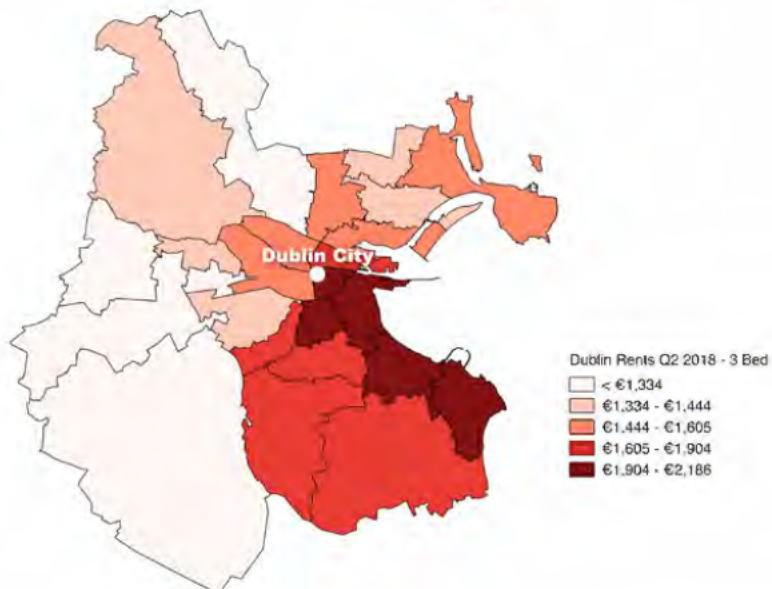
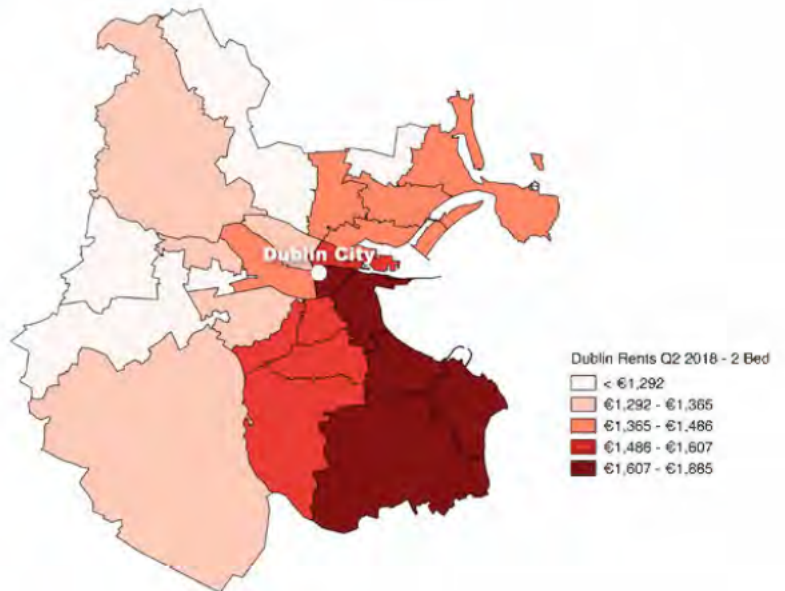
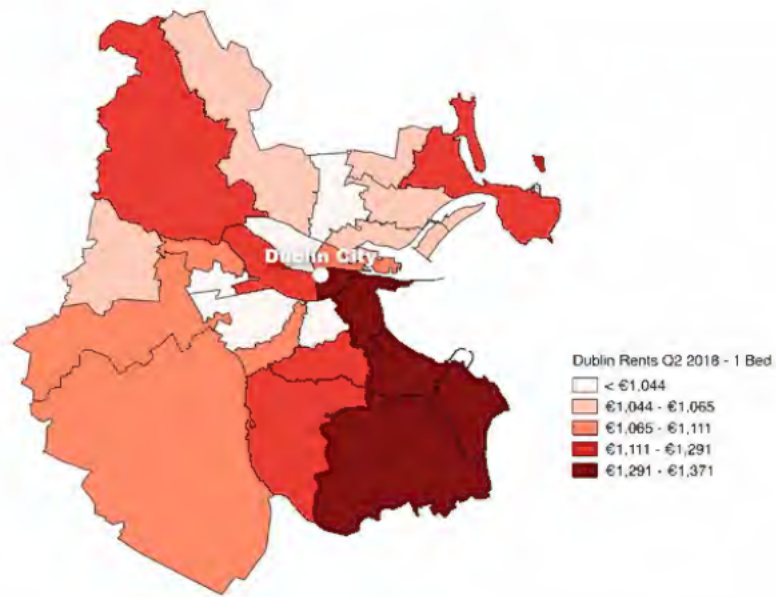
#### Average Achieved Rents (Q1 2018)

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	-	€881	€1,113	€1,232
Two-Bed	€1,372	€1,371	€1,279	€1,463
Three-Bed	€1,610	€1,417	€1,441	€1,731

Source: RTB

#### Average Achieved Rents (Q1 2018)

County	Postcode	One-Bed	Two-Bed	Three-Bed
Dublin	Dublin Overall	€1,165	€1,426	€1,483
	Dublin 1	€1,100	€1,562	€1,722
	Dublin 2	€1,331	€1,885	€2,186
	Dublin 3	€1,061	€1,450	€1,577
	Dublin 4	€1,334	€1,819	€2,171
	Dublin 5	€1,046	€1,412	€1,420
	Dublin 6	€1,043	€1,566	€1,940
	Dublin 6W	€1,067	€1,532	€1,694
	Dublin 7	€943	€1,361	€1,460
	Dublin 8	€1,134	€1,410	€1,584
	Dublin 9	€1,006	€1,367	€1,523
	Dublin 10	€991	€1,190	€1,166
	Dublin 11	€1,055	€1,256	€1,310
	Dublin 12	€954	€1,322	€1,340
	Dublin 13	€1,128	€1,456	€1,497
	Dublin 14	€1,290	€1,601	€1,895
	Dublin 15	€1,137	€1,337	€1,344
	Dublin 16	€1,207	€1,574	€1,637
	Dublin 17	€1,053	€1,271	€1,369
	Dublin 18	€1,371	€1,638	€1,786
	Dublin 20	€1,079	€1,304	€1,386
	Dublin 22	€1,085	€1,267	€1,245
	Dublin 24	€1,094	€1,297	€1,283
	Blackrock	€1,295	€1,633	€2,013
	Dun Laoghaire	€1,134	€1,581	€1,731

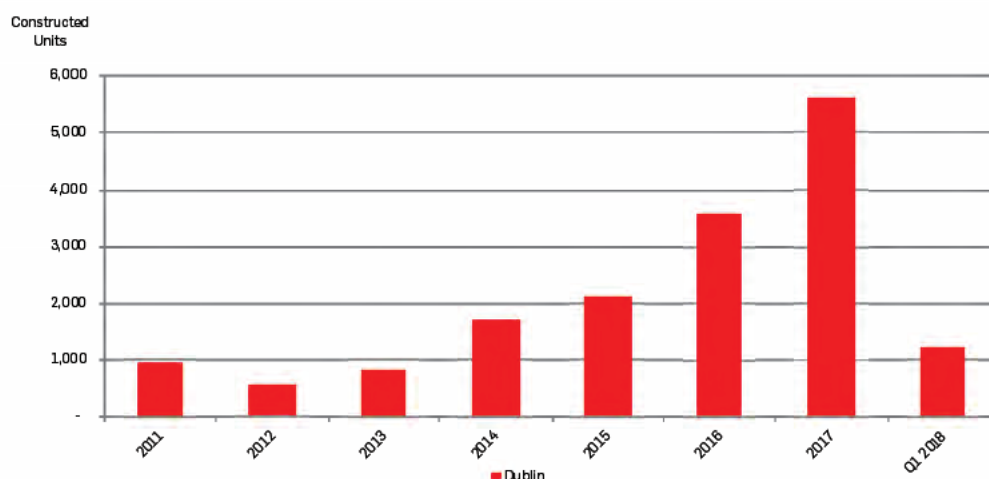


## 2.3 Residential Construction Pipeline

### 2.3.1 Completions

Based on CSO data, 5,763 units were completed in Dublin in the 12 months to the end of March 2018. 3,953 (69%) were houses and 1,810 (31%) were apartments.

#### Residential Construction Dublin (2011 – Q1 2018)



Source: : CSO, Lisney

### 2.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) across the four Dublin local authorities at the end of Q1 2018 is below. Dublin city's administrative area had the largest number of units under construction.

Local Authority Area	Houses	Apartments	Total
Dublin City	676	2,019	2,695
Dun Laoghaire-Rathdown	501	876	1,377
Fingal	1,649	631	2,280
South Dublin	898	103	1,001
Total	3,724	3,629	7,353

Source: DHP&LG

### 2.3.3 Planning Granted

The total number of units across the four Dublin local authorities with planning permission granted but construction not yet commenced is over 25,000. Further analysis of this is set out below.

Local Authority Area	Houses	Apartments	Total
Dublin City	880	6,779	7,659
Dun Laoghaire-Rathdown	886	2,870	3,756
Fingal	5,386	5,053	10,439
South Dublin	2,313	886	3,199
Total	9,465	15,588	25,053

Source: DHP&LG

### 2.3.4 Planning Submitted

The total number of units across the four Dublin local authorities with planning permission submitted but as of yet neither granted nor refused totals 8,152 units.

Local Authority Area	Houses	Apartments	Total
Dublin City	92	1,520	1,612
Dun Laoghaire-Rathdown	556	2,963	3,519
Fingal	1,029	510	1,539
South Dublin	1,073	409	1,482
Total	2,750	5,402	8,152

Source: DHP&LG

## 2.4 Summary

- The Dublin residential market remains very active. In 2017, approximately 3% of the housing stock in Dublin was transacted (16,000 units).
- At the end of June 2018 there were 5,112 second hand properties for sale in Dublin; 3,706 houses and 1,406 apartments.
- In terms of new home supply, there were 160 schemes on the market at the end of June 2018.
- The overall median sales price in Dublin for the year to April 2018 was €338,750.
- The latest RTB data at the end of Q1 2018 show that average Dublin rents increased by 6.6% on an annual basis.
- Across Dublin, the average rent for a two-bed apartment is €1,426 per month. This ranges between €1,190 in Dublin 10 and €1,885 in Dublin 2.
- In the year to Q1 2018 there were 5,763 residential units completed with a two-thirds / one-third split between houses and apartments.
- At the end of Q1 2018, there were 7,353 units under construction in Co Dublin (2,695 in Dublin city's administrative area).
- There are 25,053 residential units in Co Dublin with planning permission granted but with construction not yet commenced (10,439 in Fingal's administrative area).
- There are 8,152 units in Co Dublin currently in the planning system (3,519 in Dun Laoghaire-Rathdown's administrative area).





### 3.1 Sales Market

#### 3.1.1 Overview

The Cork residential market has been strong in recent years and remains active. In the last three years between 2.1% and 2.4% of the housing stock in Cork was transacted (between 4,900 and 5,570 units annually).

While strong price growth was witnessed in recent years, the pace of growth appears to be less and it is notable that purchasers are more price sensitive for units above €300,000. This was primarily in the mid to upper-end market activity where buyers were more restricted by the macro-prudential Central Bank rules in relation to higher deposit requirements. The first-time-buyer cohort continues to drive activity with price inflation in this sector coming on the back of low supply levels and increasing demand. A significant amount of new construction is currently taking place (58 new homes schemes currently on the market), while a large volume of planning applications have been granted or submitted. A continued increase in construction activity should see supply levels increase to meet required demand in the short to medium-term, and the pace of growth in prices should ease.

#### 3.1.2 Availability

At the end of June 2018 there were 3,339 second hand properties for sale in Cork. In terms of property type, three-bed houses were the most readily available at 1,038, followed by four bed houses at 1,023.

##### Supply of Previously Occupied Residential Units (End - June 2018)

Location	Houses	Apartments	Total
Cork	3,150	189	3,339

Source: Lisney, MyHome.ie, Daft.ie

In terms of new home supply, it is not possible to track the number of units available for sale. However, there were 58 new homes schemes on the market at the end of June 2018.

The vacancy rate (excluding holiday homes) across County Cork in April 2016 (the most current official data), was 8.7%.

#### 3.1.3 Sales Prices

Median prices for Cork in the year to the end of April 2018, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level. The location with the highest median price was Kinsale, while Charleville generally has the lowest median achieved prices.



### Median Prices (Year to April 2018)

	All Buyer Types	First-Time-Buyer	Mover	Investor
Overall Cork Median Price	€197,000	€217,000	€219,500	€122,500

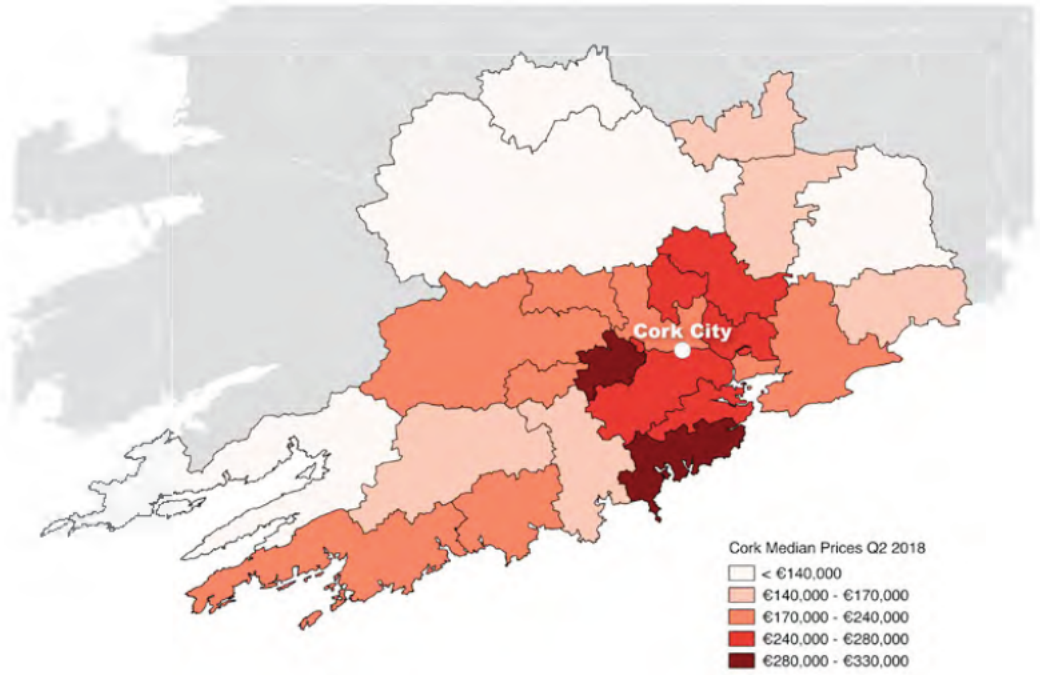
Source: CSO

### Median Prices - All Dwellings (Year to April 2018)

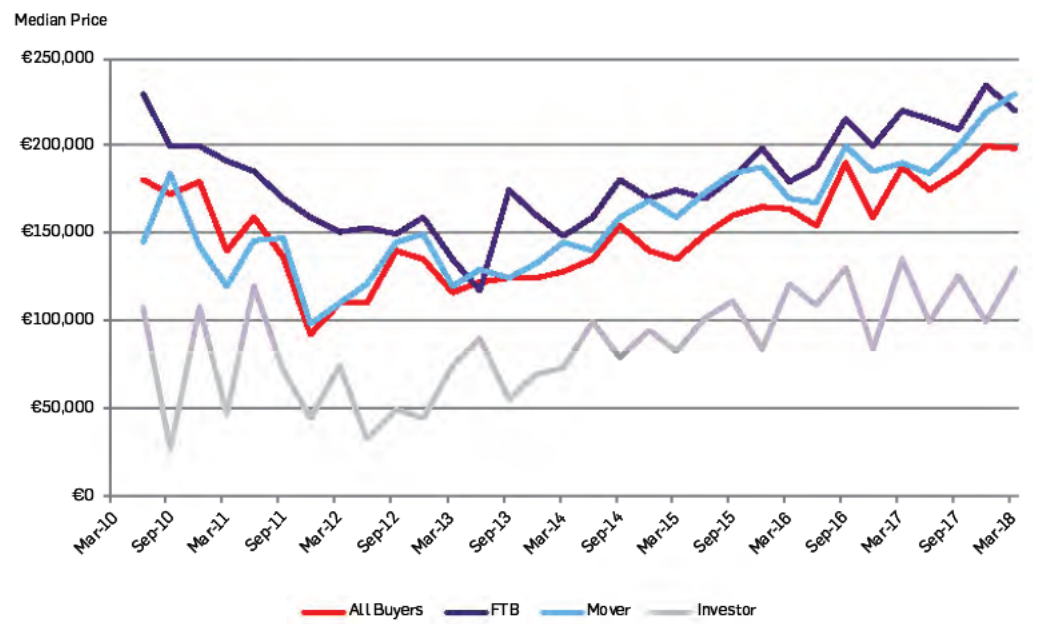
County	Eircode : Location	Median Price
Cork	P12: Macroom	€192,550
	P14: Crookstown	€237,500
	P17: Kinsale	€327,500
	P24: Cobh	€195,725
	P25: Middleton	€206,240
	P31: Ballincollig	€301,500
	P32: Rylane	€188,750
	P36: Youghal	€150,250
	P43: Carrigaline	€283,440
	P47: Dunmanway	€157,860
	P51: Mallow	€132,500
	P56: Charleville	€110,000
	P61: Fermoy	€158,000
	P67: Mitchelstown	€173,750
	P72: Bandon	€174,690
	P75: Bantry	€139,750
	P81: Skibbereen	€190,250
	P85: Clonakilty	€225,150
	T12: Cork Southside	€263,750
	T23: Cork Northside	€191,000
	T34: Carrignavar	€266,250
	T45: Glanmire	€278,750
	T56: Watergrasshill	€271,250

Source: CSO

To provide a context of price trends over the last number of years, the chart below illustrates the median price achieved in Cork from Q1 2010 to Q1 2018 for first-time-buyers, movers and investors.



#### Achieved Median Price in Cork (Q1 2010 – Q1 2018)



Source: CSO







## 3.2 Rental Market

### 3.2.1 Rental Prices

The latest available data from the Residential Tenancies Board shows that in Q1 2018 average rents in Cork increased by 6.5% on an annual basis. In Cork city, rents rose by 7.3% in 2017. The average rent across Co Cork was €948 per month.

The table below sets out one, two and three-bed average achieved rents in County Cork and at local area level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three-bed apartments achieved the highest rents in Q1 2018. The locations that achieved the highest average rents during the quarter were Rochestown, Blackrock and the city centre for three-bed properties.

#### Average Achieved Rents (Q1 2018)

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	€642	€657	€786	€776
Two-Bed	€728	€874	€886	€991
Three-Bed	€854	€946	€954	€1,183

Source: RTB

#### Average Achieved Rents (Q1 2018)

	One-Bed	Two-Bed	Three-Bed
Cork Overall	€735	€938	€967
Cork City	€793	€1,052	€1,120
Ballincollig, Cork	-	€1,051	€1,079
Bandon, Cork	€568	€713	€840
Bantry, Cork	-	€552	€641
Bishopstown, Cork	-	-	€1,182
Blackpool, Cork	-	€961	-
Blackrock, Cork	-	€1,083	€1,200
Blarney, Cork	-	€930	€939
Carrigaline, Cork	-	€883	€993
Carrigtwohill, Cork	-	€850	€959
Charleville, Cork	-	€588	€645
Clonakilty, Cork	€558	€715	€795
Cloyne, Cork	-	-	€931
Cobh, Cork	€633	€785	€855
Douglas, Cork	-	€1,182	€1,189
Dunmanway, Cork	-	€550	€651
Fermoy, Cork	-	€671	€762
Glanmire, Cork	-	€975	€1,059
Kanturk, Cork	-	-	€648
Kinsale, Cork	€744	€938	€1,085
Macroon, Cork	-	-	€701
Mallow, Cork	€562	€710	€793
Midleton, Cork	-	€842	€875
Mitchelstown, Cork	-	-	€714
Passage West, Cork	-	€919	€1,047
Rathcormac, Cork	-	€0	€778
Ringaskiddy, Cork	-	€0	€0
Rochestown, Cork	-	€1,156	€1,291
Skibbereen, Cork	€456	€569	€631
Tower, Cork	-	€962	-
Wilton, Cork	-	€1,028	€1,061
Youghal, Cork	€594	€663	€765

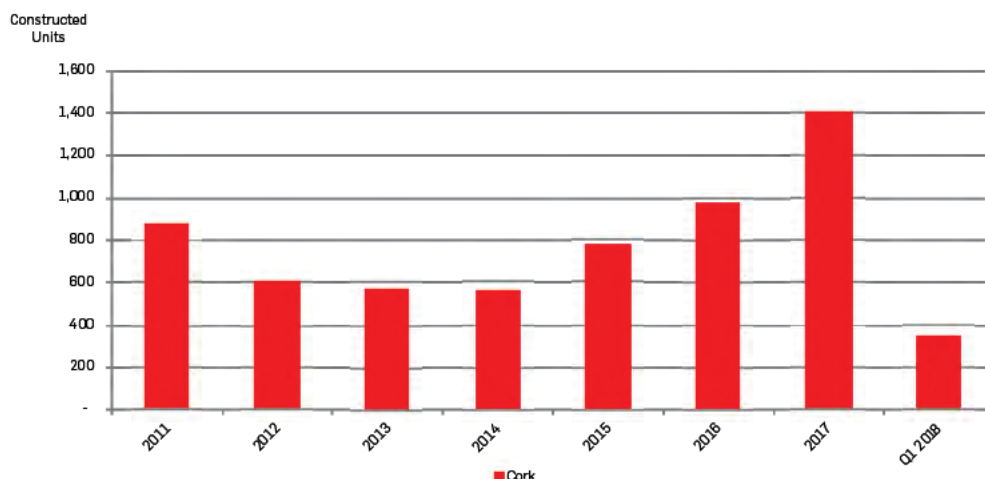
Source: RTB

### 3.3 Residential Construction Pipeline

#### 3.3.1 Completions

Based on CSO data, 1,476 units were completed in Cork in the 12 months to the end of March 2018. 1,381 (94%) were houses and 95 (6%) were apartments.

#### Residential Construction Cork (2012 – 2017)



Source: CSO, Lisney

#### 3.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) as at Q1 2018 in Cork is shown below.

Total Units Under Construction	Number of Schemes
3,968	51

Source: DoHPLG, CSO, CIS

#### 3.3.3 Planning Granted

The total number of units across Cork with planning permission granted but construction not yet commenced, since January 2018 is shown below.

Total
3,486

Source: CIS

#### 3.3.4 Planning Submitted

The total number of units across Cork with planning permission submitted since January 2018 but as of yet neither granted nor refused is shown below.

Total
1,621

Source: CIS

---

### 3.4 Summary

- The Cork residential market remains active. In the last three years between 2.1% and 2.4% of the housing stock in Cork was transacted (between 4,900 and 5,570 units annually).
- At the end of June 2018 there were 3,339 second hand properties for sale in Cork; 3,150 houses and 189 apartments. In terms of type, three-bed houses were the most readily available at 1,038.
- In terms of new home supply, there were 58 schemes on the market at the end of June 2018.
- The overall median sales price in Cork for the year to January 2018 was €197,000.
- The latest RTB data at the end of Q1 2018 show that the index of overall Cork rents increased by 6.5% on an annual basis.
- Across Cork, the average rent for a two-bed apartment is €991 per month. This ranges between €550 in Dunmanway, €1,052 in the city centre and €1,182 in Douglas.
- In the 12 months to the end of June 2018, 1,476 units were completed in Cork. 1,381 (94%) were houses and 95 (6%) were apartments.
- At the end of Q1 2018, there were 3,968 units under construction in Cork across 51 schemes.
- There are 3,486 residential units in Cork with planning permission granted but with construction not yet commenced.
- There are 1,621 residential units in Cork currently in the planning system.





## 4.1 Sales Market

### 4.1.1 Overview

The Galway residential market has been strong in recent years and remains active. In the last three years between 2.2% and 2.3% of the housing stock in Galway was transacted (between 2,420 and 2,630 units annually).

As with all larger urban areas, supply remains tight, although further improvements are anticipated in the second half of 2018 as new stock begins to emerge. Properties in most demand are those in very good condition and not requiring significant works. Such properties often obtain a substantial premium on poorer quality stock. The first-time-buyer sector of the market is very strong. Much of the demand for residential development land relates to sites suitable for such purchasers, which has been aided by the help-to-buy scheme.

The M17 motorway between Gort and Tuam in Co Galway opened in August 2017. This was a very positive development for the county linking it north and south. The motorway has also opened up new lands for development, which will particularly impact the new homes mid-market and create additional supply.

### 4.1.2 Availability

At the end of June 2018, there were 1,418 second hand properties for sale in Galway. In terms of property type, four-bed houses were the most readily available at 480, followed by three-bed houses at 343.

#### Supply of Previously Occupied Residential Units (End-June 2018)

Location	Houses	Apartments	Total
Galway	1,281	137	1,418

Source: Daft.ie, Lisney analysis

In terms of new home supply, it is not possible to track the number of units available for sale. However, there were 15 new homes schemes on the market at the end of June 2018.

The vacancy rate (excluding holiday homes) across County Galway in April 2016 (the most current official data), was 11.1%. The Galway city region is significantly less at 8.3%. This is due to the touristic nature of the western part of the county.

### 4.1.3 Sales Prices

Median prices for Galway in the year to the end of April 2018, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level.

#### Median Prices (Year to April 2018)

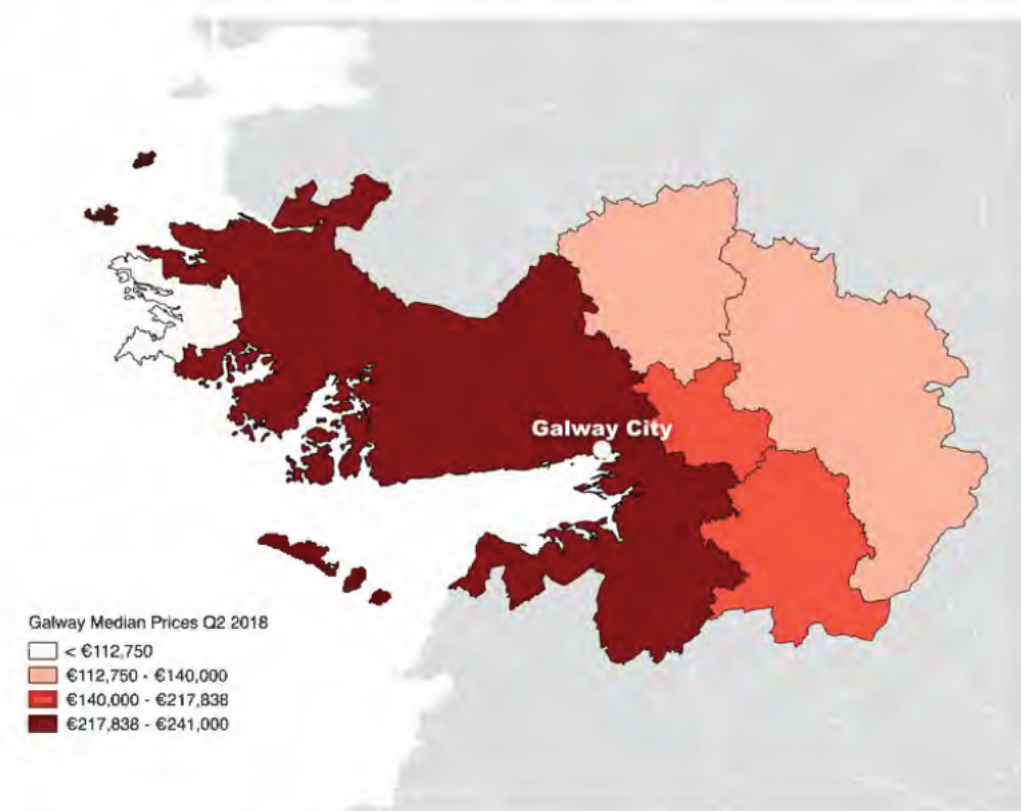
	All Buyer Types	First-Time-Buyer	Mover	Investor
Overall Galway Median Price	€177,500	€194,750	€190,000	€135,150

Source: CSO

#### Median Prices - All Dwellings (Year to April 2018)

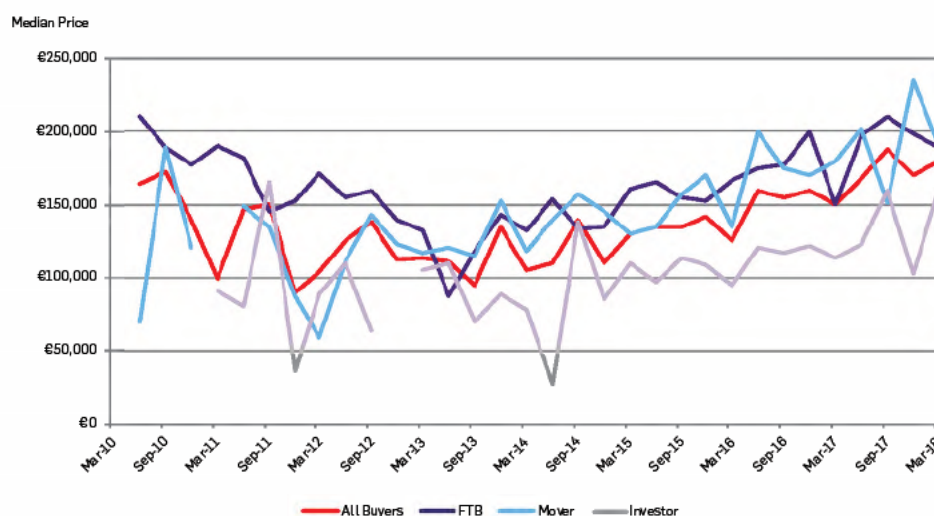
County	Eircode : Location	Median Price
Galway	H53: Ballinasloe	€123,750
	H54: Tuam	€140,000
	H62: Loughrea	€152,750
	H65: Athenry	€217,850
	H71: Clifden	€112,750
	H91: Galway	€241,000

Source: CSO



To provide a context of price trends over the last number of years, the chart below illustrates the median prices in Galway from Q1 2010 to Q1 2018, for first-time-buyers, movers and investors.

## Achieved Median Price in Galway (Q1 2010 – Q1 2018)



Source: CSO

## 4.2 Rental Market

### 4.2.1 Rental Prices

The latest available data from the Residential Tenancies Board show that in Q1 2018 average rents in Galway increased by 5.5% on an annual basis. In Galway city, rents rose by 5.1% in the same period.

The table below sets out one, two and three-bed average achieved rents in County Galway and at local area level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three-bed apartments achieved the highest rents in Q1 2018 and this generally represents their location in more urban areas.

#### Average Achieved Rents (Q1 2018)

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	€614	€657	-	€725
Two-Bed	€686	€742	€867	€935
Three-Bed	€766	€877	€956	€1,162

Source: RTB

#### Average Achieved Rents (Q1 2018)

Location	Area	One-Bed	Two-Bed	Three-Bed
Galway	H53: Ballinasloe		€505	€560
	H54: Tuam	€630	€702	€698
	H62: Loughrea	€465	€592	€715
	H65: Athenry	-	€640	€824
	H71: Clifden	-	-	€588
	Galway City	€751	€987	€1,077

Source: RTB

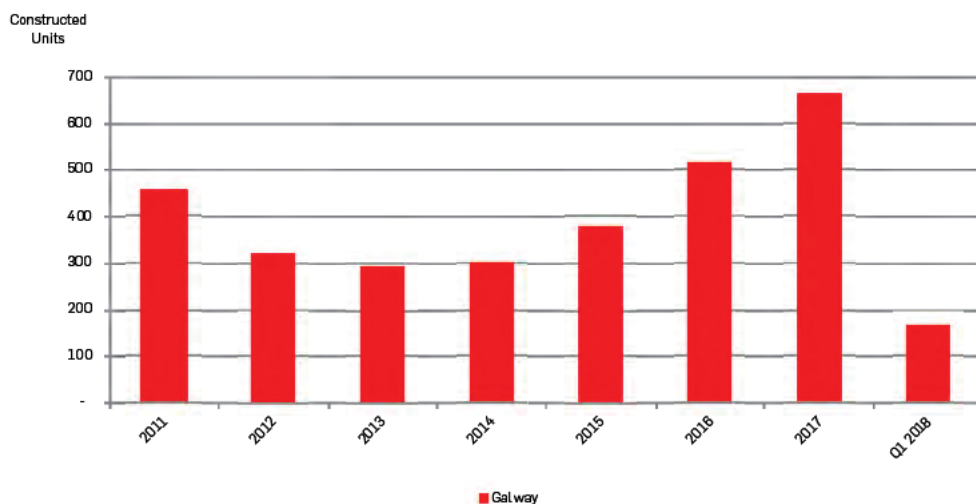


## 4.3 Residential Construction Pipeline

### 4.3.1 Completions

Based on CSO data, 676 units were completed in Galway in the 12 months to the end of March 2018. 636 (94%) were houses and 40 (6%) were apartments.

#### Residential Construction Galway (2011 – Q1 2018)



Source: CSO, Lisney

### 4.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) in Galway city and county at the end of Q1 2018 is outlined below.

Area	Total Units Under Construction	Number of Schemes
Galway	635	15

Source: CIS

### 4.3.3 Planning Granted

The total number of units in Galway with planning permission granted but construction not yet commenced, since January 2018 is shown below.

Total
641

Source: CIS

### 4.3.4 Planning Submitted

The total number of units in Galway city and county with planning permission submitted in 2017. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

Total
438

Source: CIS

---

#### 4.4 Summary

- The Galway residential market has been strong in recent years and remains active. In the last three years between 2.2% and 2.3% of the housing stock in Galway was transacted (between 2,420 and 2,620 units annually).
- At the end of June 2018 there were 1,418 second hand properties for sale in Galway; 1,281 houses and 137 apartments. In terms of type, four-bed houses were the most readily available at 480 properties.
- There were 15 new homes schemes on the market.
- The overall median sales price in Galway for the year to April 2018 was €177,500.
- The latest RTB data at the end of Q1 2018 show that average rents in Galway increased by 5.5% on an annual basis.
- Across Galway, the average rent for a two-bed apartment is €935 per month. This ranges between €505 in Ballinasloe to €987 in the city centre.
- In the 12 months to the end of March 2018, there were 676 residential units completed in Galway, 94% of which were houses.
- At the end of Q1 2018, there were 635 units under construction in Galway.
- There are 641 residential units in Galway with planning permission granted but with construction not yet commenced.
- There are 438 residential units in Galway currently in the planning system.







## 5.1 Sales Market

### 5.1.1 Overview

The Limerick residential market has been active in recent years. In 2015 and 2016 approximately 2.2% and 2.0% respectively of the housing stock in Limerick was transacted (between 1,750 and 2,000 units annually). In 2017, just less than 2,000 units were transacted or 2.2% of the housing stock.

As with all larger urban areas, supply remains tight and is not meeting demand. A number of new schemes have been granted planning permission or have plans submitted. These are due in 2018 and 2019 in the city and suburbs, which will assist in meeting some of the demand. Three-bed semi-detached homes in good locations are achieving between €220,000 and €250,000 and are most sought after. Apartments are favoured by both investors and those trading-down and are also performing well.

### 5.1.2 Availability

At the end of June 2018, there were 1,066 second hand properties for sale in Limerick. In terms of property type, three bed-houses were the most readily available at 313, followed by four-bed houses at 311.

#### Supply of Previously Occupied Residential Units (End June 2018)

Location	Houses	Apartments	Total
Limerick	965	101	1,066

Source: Lisney, MyHome.ie, Daft.ie

In terms of new home supply, it is not possible to track the number of units available for sale. However, there were 11 new homes schemes on the market at the end of June 2018.

The vacancy rate (excluding holiday homes) across County Limerick in April 2016 (the most current official data), was 9.4%.

### 5.1.3 Sales Prices

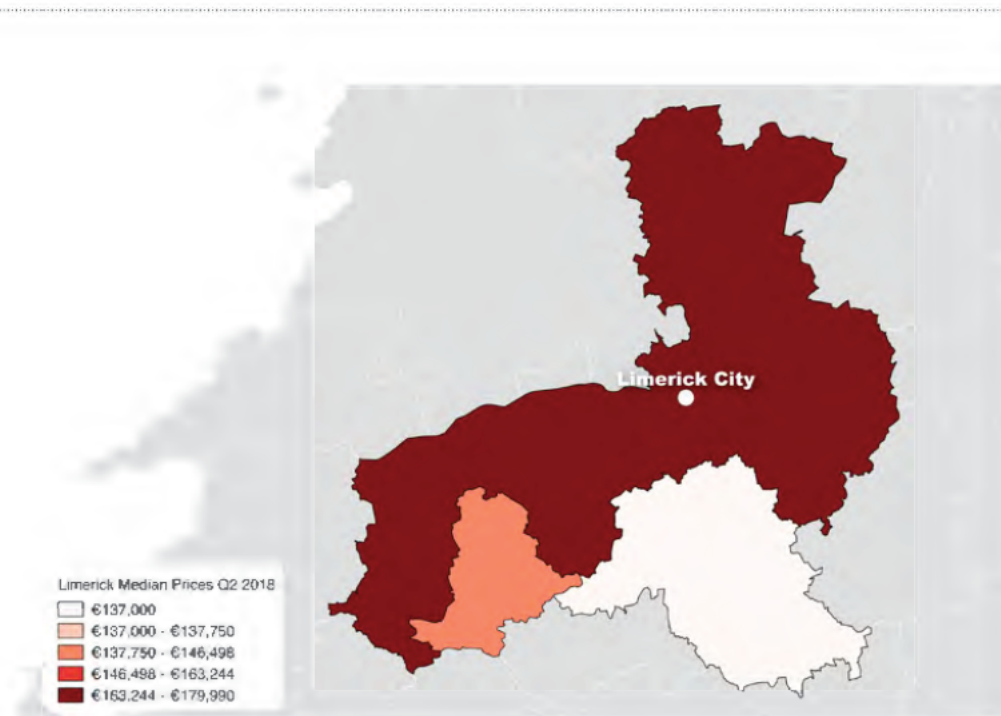
Median prices for Limerick in the year to April 2018, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level.

#### Median Prices (Year to April 2018)

	All Buyer Types	First-Time-Buyer	Mover	Investor
Median Price	€152,500	€188,000	€158,750	€96,600

Source: CSO





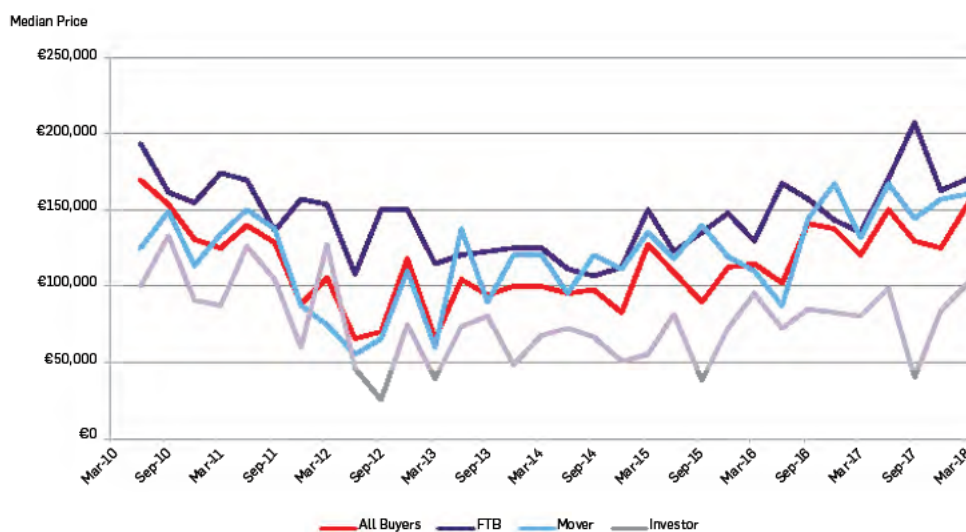
### Median Prices - All Dwellings (Year to April 2018)

County	Eircode : Location	Median Price
Limerick	V35: Kilmallock	€136,250
	V42: Newcastle West	€138,125
	V94: Limerick	€179,990

Source: CSO

To provide a context of price trends over the last number of years, the chart below illustrates the median price achieved in Limerick from Q1 2010 to the Q1 2018 for first-time-buyers, movers and investors.

### Achieved Median Price in Limerick (Q1 2010 – Q1 2018)



Source: CSO

## 5.2 Rental Market

### 5.2.1 Rental Prices

The latest available data from the Residential Tenancies Board shows that in Q1 2018 average rents in Limerick increased by 11.6% on an annual basis. In Limerick city rents have risen 10.7% in the 12 months to Q1 2018. It should be noted that Limerick is not identified as a rent pressure zone and as such, is not subject to the rent cap.

The table below sets out one, two and three-bed average achieved rents in County Limerick and at local area level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three bed apartments achieved the highest rents in Q1 2018.

#### Average Achieved Rents (Q1 2018)

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	-	-	-	€593
Two-Bed	€581	€683	€656	€771
Three-Bed	€687	€808	€787	€858

Source: RTB

#### Average Achieved Rents (Q1 2018)

Location	Area	One-Bed	Two-Bed	Three-Bed
Limerick	V42: Newcastle West	-	€523	€611
	Limerick City	€583	€765	€841

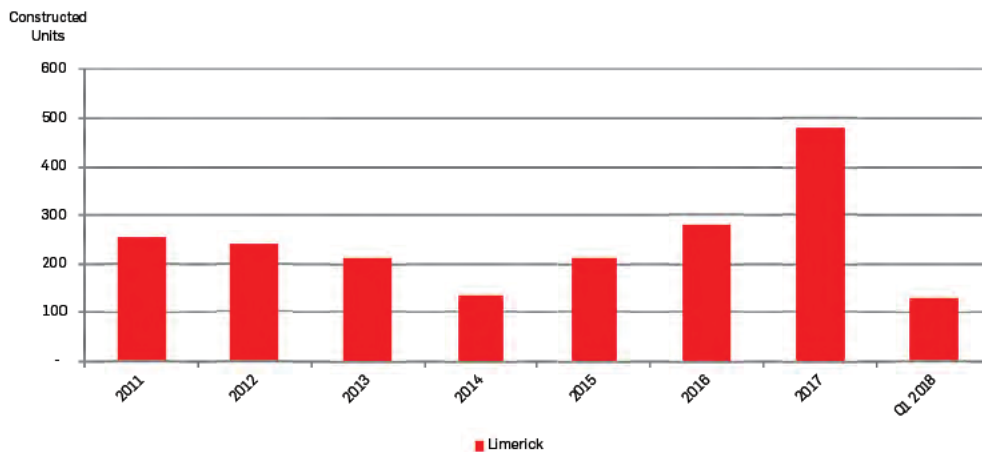
Source: RTB

## 5.3 Residential Construction Pipeline

### 5.3.1 Completions

Based on CSO data, 523 units were completed in Limerick in the 12 months to the end of March 2018. 511 (98%) were houses and 12 (2%) were apartments.

#### Residential Construction Limerick (2011 – Q1 2018)



Source: CSO, Lisney

### 5.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) in Limerick at the end of Q1 2018 is shown below.

Total
613

Source: CIS

### 5.3.3 Planning Granted

The total number of units across Limerick with planning permission granted but construction not yet commenced, since January 2018 is shown below.

Total
709

Source: CIS

### 5.3.4 Planning Submitted

The total number of units in Limerick with planning permission submitted in 2017 but as of yet neither granted nor refused is analysed. The information is provided for houses and apartments in each location, as granted through the relevant local authority.

Total
452

Source: CIS

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## 5.4 Summary

- At the end of June 2018, there were 1,066 second hand properties for sale in Limerick (965 houses and 101 apartments). In terms of property type, three bed-houses were the most readily available at 313.
- The overall median sales price in Limerick for the year to April 2018 was €152,500.
- The latest RTB data at the end of Q1 2018 show that average rents in Limerick increased by 11.6% on an annual basis.
- Across Limerick, the average rent for a two-bed apartment is €771 per month. This ranges between €523 in Newcastle West and €765 in the city centre.
- In the 12 months to the end of March 2018, 523 residential units completed in Limerick, 98% of which were houses.
- At the end of Q1 2018, there were 613 units under construction in Limerick.
- 709 residential units in Limerick had planning permission granted since January 2018.
- There are 452 residential units in Limerick currently in the planning system.





## 6.1 Sales Market

### 6.1.1 Overview

The Waterford residential market is active. In 2015 and 2016 approximately 2.3% and 2.6% respectively of the housing stock in Waterford was transacted (between 1,200 and 1,400 units annually). In 2017, just over 1,300 units were transacted, or 2.5% of the housing stock.

As with all larger urban areas, supply is tight. The immediate pipeline of new stock is low, but it is improving. First-time-buyers are active but the majority of sales are to those trading up or down. Houses are most in demand and make up about 85% of all sales with apartments most sought after by investors.

### 6.1.2 Availability

At the end of June 2018 there were 642 second hand properties for sale in Waterford. In terms of property type, four-bed houses were the most readily available at 201, followed by three-bed houses at 195.

#### Supply of Previously Occupied Residential Units (End - June 2018)

Location	Houses	Apartments	Total
Waterford	609	33	642

Source: Lisney, Daft.ie

In terms of new home supply, it is not possible to track the number of units available for sale. However, there were eight new homes schemes on the market at the end of June 2018.

The vacancy rate (excluding holiday homes) across County Waterford in April 2016 (the most current official data), was 9.9%.

### 6.1.3 Sales Prices

Median prices for Waterford in the year to the end of April 2018, by buyer type (first-time-buyer, mover and investor), are given below at a county and Eircode level.

#### Median Prices (Year to April 2018)

	All Buyer Types	First-Time-Buyer	Mover	Investor
Waterford Median Price	€130,900	€183,700	€160,000	€84,250

Source: CSO

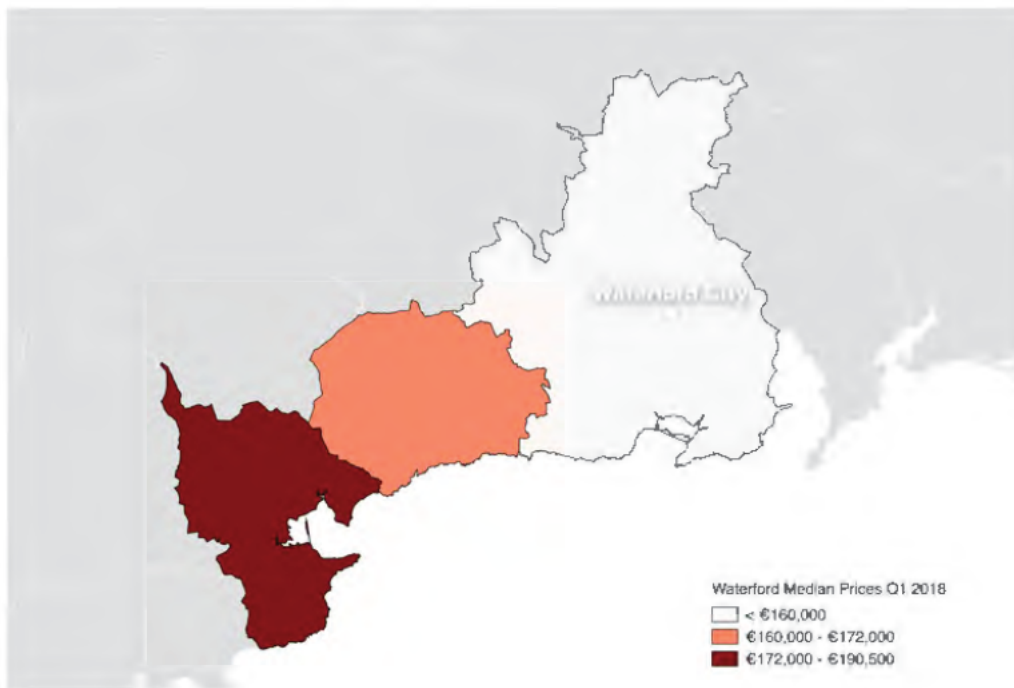
#### Median Prices - All Dwellings (Year to April 2018)



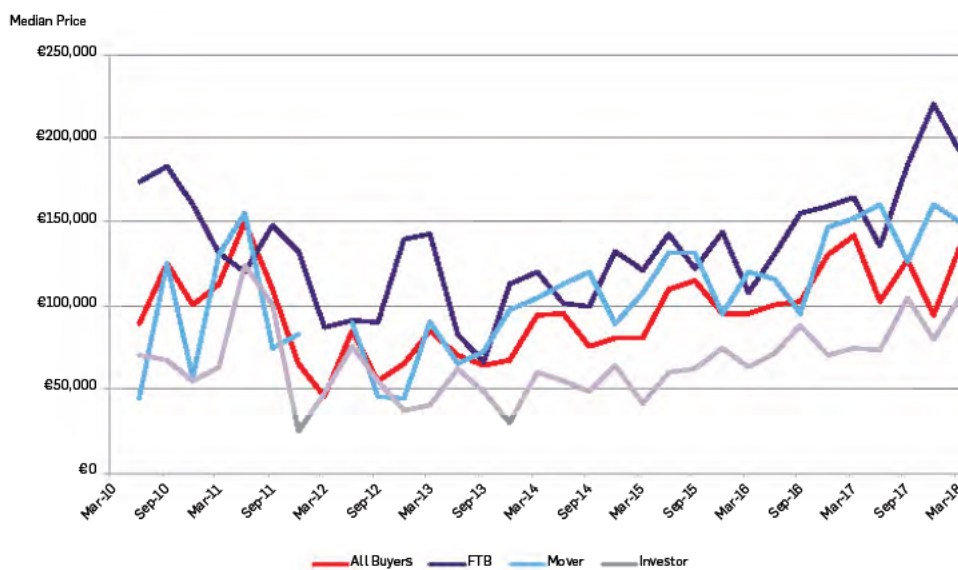
Location	Eircode	Median Price
Waterford	X35: Dungarvan	€190,500
	X42: Kilmacthomas	€161,750
	X91: Waterford	€156,250

Source: CSO

To provide a context of price trends over the last number of years, the chart below illustrates the median price achieved in Waterford from Q1 2010 to the end of Q1 2018 for first-time-buyers, movers and investors.



#### Achieved Median Price in Waterford (Q1 2010 – Q1 2018)



Source: CSO

## 6.2 Rental Market

### 6.2.1 Rental Prices

The latest available data from the Residential Tenancies Board show that in Q1 2018 average rents in Waterford increased by 9.7% on an annual basis. Waterford city rents rose by 10.5% in the 12 months to Q1 2018.

The table below sets out one, two and three-bed average achieved rents in County Waterford and at local level for detached, semi-detached and terraced houses, and apartments. In terms of property type, three-bed semi-detached houses achieved the highest rents in Q1 2018.

#### Average Achieved Rents – Q1 2018

	Detached House	Semi-Detached House	Terraced House	Apartment
One-Bed	-	-	€563	€550
Two-Bed	€586	€616	€609	€646
Three-Bed	€709	€729	€689	€692

Source: RTB

#### Average Achieved Rents – Q1 2018

Location	Area	One-Bed	Two-Bed	Three-Bed
Waterford	X35: Dungarvan	-	€581	€682
	Waterford City	€527	€645	€735

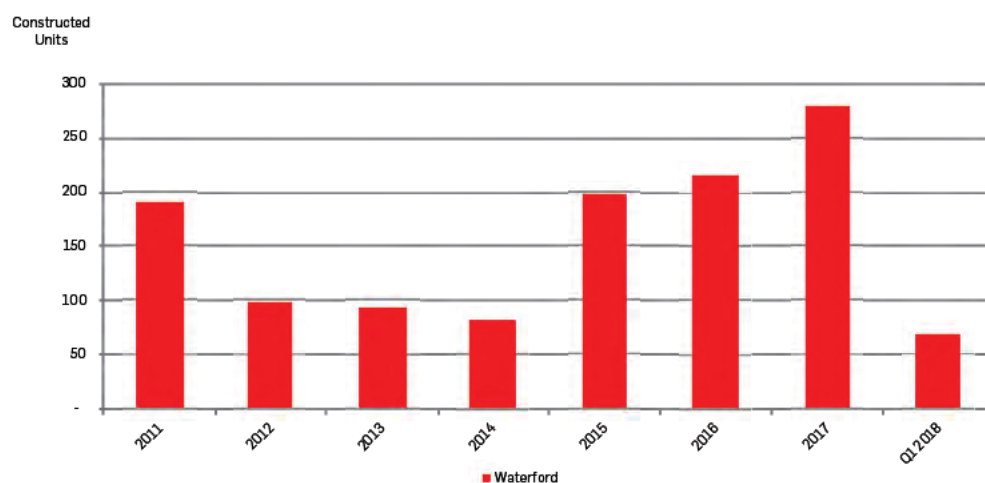
Source: RTB

## 6.3 Residential Construction Pipeline

### 6.3.1 Completions

Based on CSO data, 287 units were completed in Waterford in the 12 months to the end of March 2018. 269 (94%) were houses and 18 (6%) were apartments.

#### Residential Construction Waterford (2011 – Q1 2018)



Source: CSO, Lisney



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### 6.3.2 Under Construction

The total number of units under construction in new homes schemes (with greater than 10 units) in Waterford at the end of Q1 2018 is outlined below.

Local Authority Area	Total Units Under Construction
Waterford	536

Source: CIS

### 6.3.3 Planning Granted

The total number of units across Waterford with planning permission granted but construction not yet commenced, since January 2018 is shown below.

Total
354

Source: CIS

### 6.3.4 Planning Submitted

The total number of units across Waterford with planning permission submitted since January 2018 but as of yet neither granted nor refused is shown below.

Total
709

Source: CIS

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## 6.4 Summary

- The Waterford residential market is active. In 2015 and 2016 approximately 2.3% and 2.6% respectively of the housing stock in Waterford was transacted (between 1,200 and 1,400 units annually). In 2017, just over 1,300 units were transacted, or 2.5% of the housing stock.
- At the end of June 2018 there were 642 second hand properties for sale in Waterford. In terms of property type, four-bed houses were the most readily available at 201.
- There were eight new homes schemes on the market.
- The overall median sales price in Waterford for the year to April 2018 was €130,900.
- The latest RTB data at the end of Q1 2018 show that average Waterford rents increased by 9.7% on an annual basis.
- Across Waterford, the average rent for a two-bed apartment is €646 per month.
- There were 287 residential units completed in Waterford the 12 months to the end of March 2018, 94% of which were houses and 6% apartments.
- At the end of Q1 2018, there were 536 units under construction in Waterford.
- 354 residential units in Waterford had planning permission granted since January 2018.
- There are 709 residential units in Waterford currently in the planning system.



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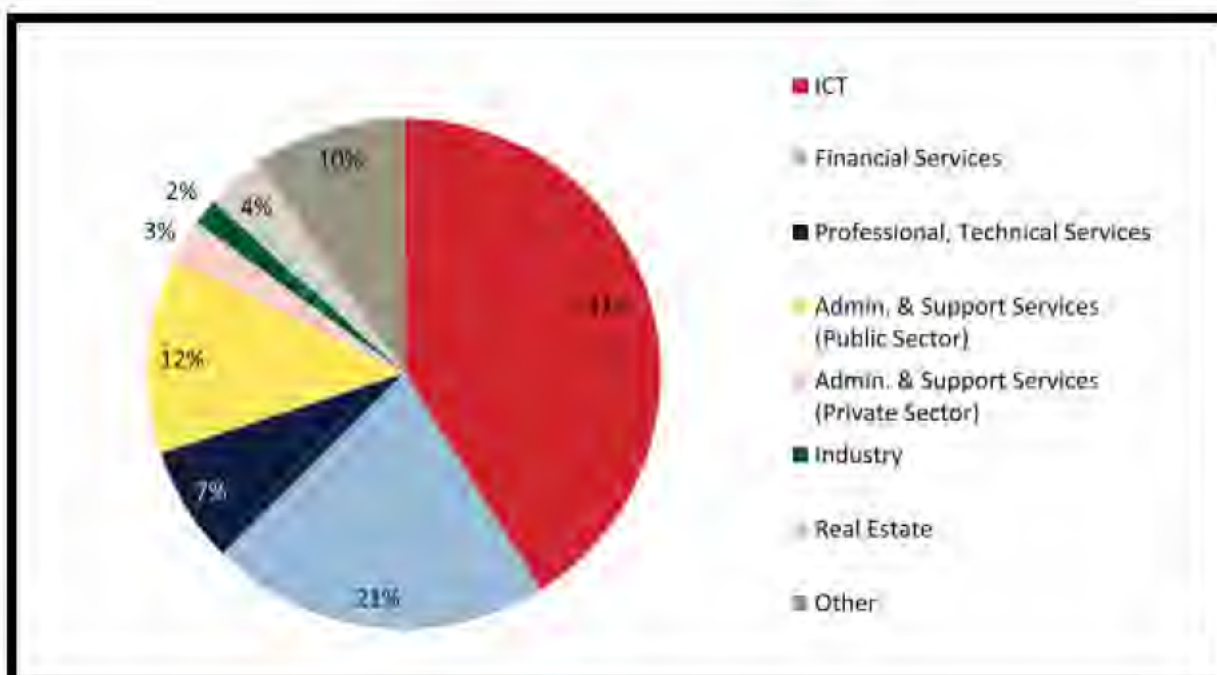
**lisney.com**

## 1. Office Market

- Prime Rents are expected to increase marginally over Q1 2018
- Prime Yields are expected to remain at 4.00% for the medium term
- Increasing supply due to release of second hand stock, refurbishments, and newly completed stock achieving practical completion
- Increased demand from international occupiers
- Demand remains focused in CBD (Central Business District), with some increase in suburban demand
- Dublin Office leasing market returned to record highs
  - leasing activity on par with pre-crisis peak of 2007
- Brexit related enquires increased
- Small to medium lettings most active, but 2017 saw some very large lettings
- Prime Office Rents:
  - Dublin No change
  - Dublin Suburban + 9.5%
  - Cork + 12.1%
  - Galway Not available
  - Limerick Not available
- Increased demand for flexible office/co-working accommodation expected in 2018

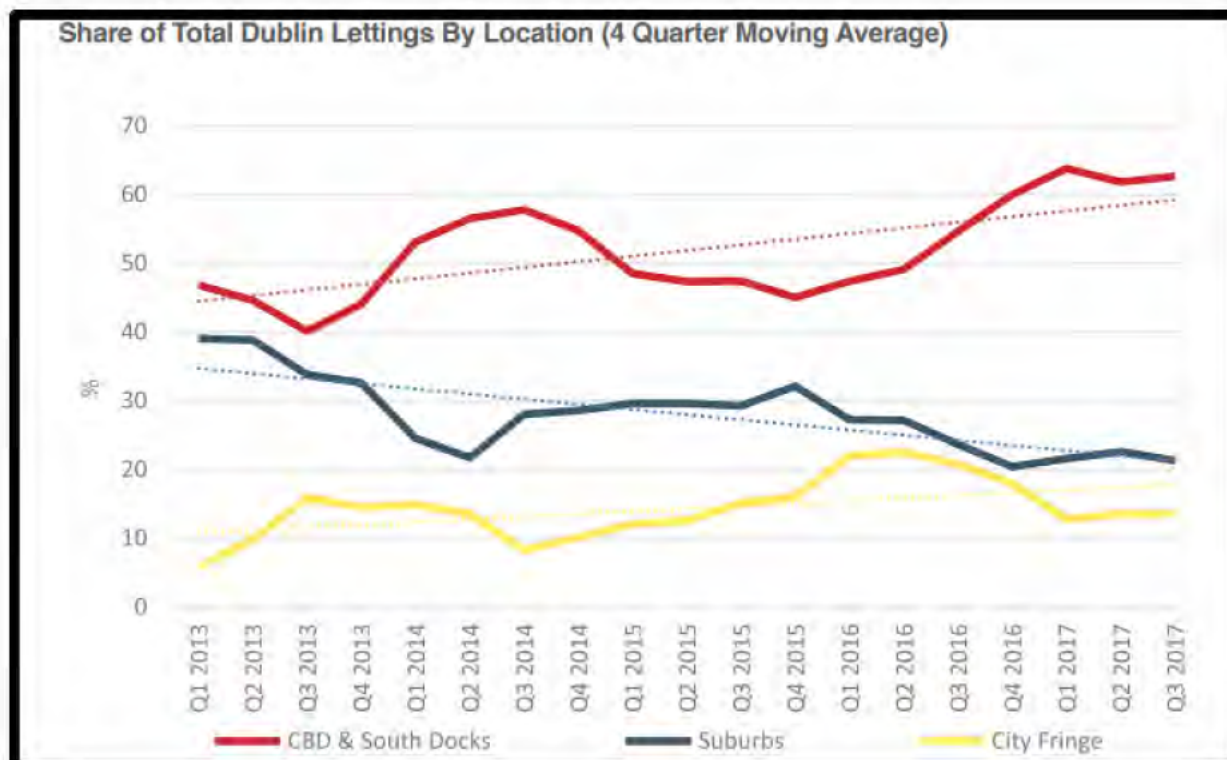
Source: Cushman & Wakefield

Dublin Office Take-Up By Sector Q1-Q3 2017





Source: Savills



Source: Savills

### Notable Pipeline Developments:

- **The Exo**

Now on site and will be completed in Q1 2020

Commanding signature building overlooking the entire city with exceptional transport links. Dublin's tallest office will offer approx. 170,000 sq ft of office accommodation upon completion.

- **91-94 North Wall Quay**

Now on site and will be completed in Q3 2019

A substantial block that can provide accommodation in one block delivering 200,000 sq ft or in two individual blocks of 100,000 sq ft. Both blocks benefitting from substantial water views.

- **Charlemont Square**

The new scheme will be one of the latest upgrades to the Charlemont area and will deliver 200,000 sq ft of offices over two buildings, 30,000 sq ft of retail and 184 private apartments.

- **Boland Quay**

PC: Q1, 2019 – 200,000 sq.ft

- **Dublin Landings**

300,000 sq.ft over 3 blocks. NTMA and Wework potentially taking space

- **Reflector, Dublin 2**

80,000 sq.ft remaining

- **5 Hanover Quay**

100,000 sq.ft remaining

- **Sorting Office, Cardiff lane**

203,000 sq.ft available

- **Lime Street**

110,000 sq.ft available

- **South County, Leopardstown**

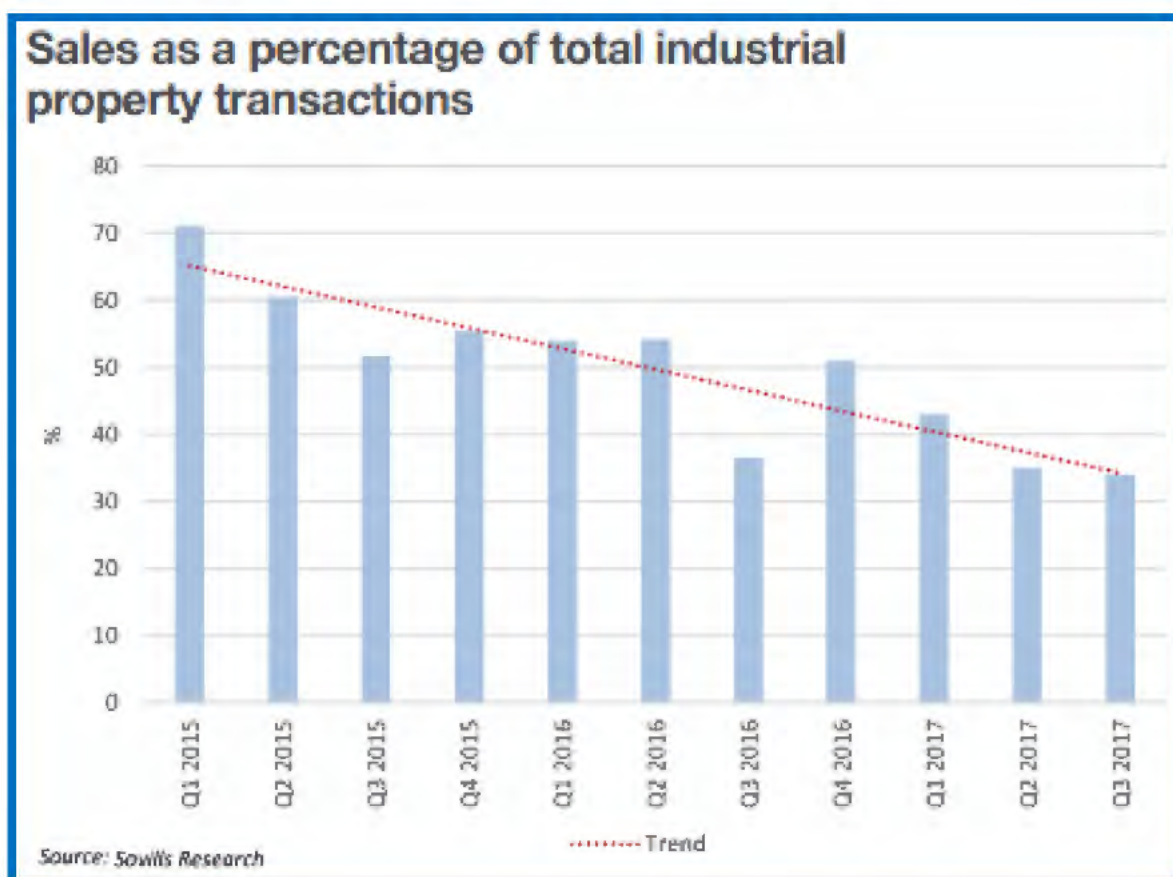
138,000 sq.ft currently being built

- **Nova Atria, Sandyford**

175,000 sq.ft

## 2. Industrial Market

- ERVs (Estimated Rental values) for a sample of prime industrial properties rose by 10.4% in the year 2017 to September
- Headline rates currently stand at approximately €100 per sq m per annum.
- Prime industrial yields remained stable on the quarter but have edged lower over the past twelve months and are currently in the region of 5.25%.
- Gross transactions in the Dublin industrial market exceeded 48,000 sq m in Q3, 2017 bringing total take-up in the first three quarters of the year to approximately 172,000 sq m.



### 3. Residential market – Lisney update

- Nationwide prices are at early 2005 / mid 2009 levels: 24% below peak levels
- Regional cities significantly more affordable in terms of rents and prices
- Prices will continue to grow in the medium-term, at a slower pace to recent years, due to new home construction picking up pace. As more new homes become available, competition for available properties will lessen
- To the end of August 2017, residential completions have increased by 29% on an annual basis and commencement notices have increased by 45% over the same period
  - c.18,000 new homes completed in 2017
- Construction of new homes in 2017 increased 117% since 2013
- Residential availability 40% higher than lowest levels in Q4 2016
- Planned Supply
  - Dublin City: 40,000 units under construction, of which 60% are apartments
  - Regions: 8,000 units under construction/planned
- Average new housing supply need nationally p.a. (based on CSO population projections) is 27,250
- Irish Government and regulatory bodies introduced a number of policies in recent times relating to the housing market, comprising rules to reduce pace of growth and others to increase new home supply:
  - Rent Pressure Zones (RPZs)
  - Dedicated Empty Homes Unit
  - Local Infrastructure Housing Activation Fund (LIHAF)
  - Ireland Strategic Investment Fund (ISIF) Activate Capital
  - Strategic Housing Development (SHD)
  - Housing Building Finance Ireland (HFBI)
  - Vacant Site Levy



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**MEETING NO. 217 OF THE  
PROPERTY COMMITTEE OF THE BOARD  
ON 8<sup>th</sup> March 2018**

**AGENDA NO 2.1**

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**NOTE: This document may contain commercially sensitive information given to IDA Ireland in confidence.**

<b>Residential Property Market</b>
------------------------------------

**EXECUTIVE SUMMARY**

In August 2017, the Property Management Committee approved the appointment of Lisney for the analysis, collation and reporting of data on the residential property market in Ireland. The reports will be prepared on a quarterly basis for a period of two years.


The reports were commissioned following feedback to IDA from a number of multinational companies currently in Ireland indicating that the residential property market is one factor challenging increased investment opportunities in a number of locations around Ireland.

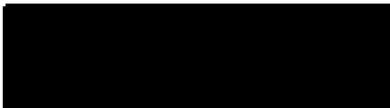
Property Division intends to utilise the information contained in the quarterly Lisney reports to produce core messaging and illustrations on the housing market for each of the five city locations contained within the Lisney report (Dublin, Cork, Galway, Limerick and Waterford).

A copy of the current Lisney residential report is included with this document.

**RECOMMENDATION**

The Property Management Committee recommends that the Property Committee of the Board considers and approves the content of the Lisney report.

  
**Darren Loughrey**  
Sales & Marketing Executive  
Property Division

  
**James Boyle**  
Sales and Marketing Manager  
Property Division

  
**Damien Kilgannon**  
Divisional Manager  
Property Division

**Conflict of Interest: Restricted From:**

## **Background to the Lisney Report**

A key objective of IDA's *Winning: Foreign Direct Investment 2015-2019* strategy includes, amongst other targets, achieving a minimum 30% uplift on projects won for regional locations. IDA continues to secure investments for regional locations including from companies such as Northern Trust, Metlife, Uber, Wayfair, Tyco, Fazzi and Siteminder, amongst others.

The growth in FDI global business services and related projects, like the aforementioned investments referenced, has demonstrated strong occupier demand for commercial office space primarily, but not exclusively, in urban centric locations like Dublin, Galway, Waterford, Limerick and Cork. The ongoing competitive and timely supply of commercial office space to urban centric locations has had a significant impact on the residential property market.

Due to the current constraints in the residential property market and clear market failures, a number of multinational companies currently in Ireland have indicated to IDA that property and most notably residential property is one factor challenging increased investment in a number of locations throughout Ireland.

In order to assist IDA's teams based in Ireland and globally to support winning additional investment, IDA Property Division is now seeking to produce a quarterly residential report to provide up to date residential property statistics.

The recommendation as set out in this paper is IDA's approach to providing up to date residential statistics that will support IDA's Strategy, targets and the needs of the FDI client base.

## **Project Brief**

IDA Property Division sought submissions for the provision of residential property agency services covering Dublin, Galway, Limerick, Waterford and Cork. Lisney will produce a quarterly residential report for a 2 year period which will include the following data for Dublin, Cork, Galway, Limerick and Waterford. The quarterly report will cover the following:

- Current residential property availability (Sales & Rental Market)
- Residential construction pipeline
- Housing policy
- International comparisons

## **Conclusion**

The Irish residential market has seen a significant change in underlying fundamentals in the past five years. Purchaser demand has increased considerably since 2012, and with a shortage of available properties, most notably in urban centres, this has led to price inflation. Rebuilding Ireland is a Government of Ireland action-driven plan designed to accelerate housing supply and tackle the current housing shortage. The aim of the plan is to increase the delivery of homes nationwide. The plan is in its second year of implementation and is having a substantial positive impact on the delivery of housing. Residential construction indicators are positive and demonstrate significantly increased delivery to date. This upward trend in supply is further augmented by significant increases in planning permission approvals and commencement notices.



# Residential Property Market Key Messages



Strategic Property Division  
IDA Ireland

May 2018

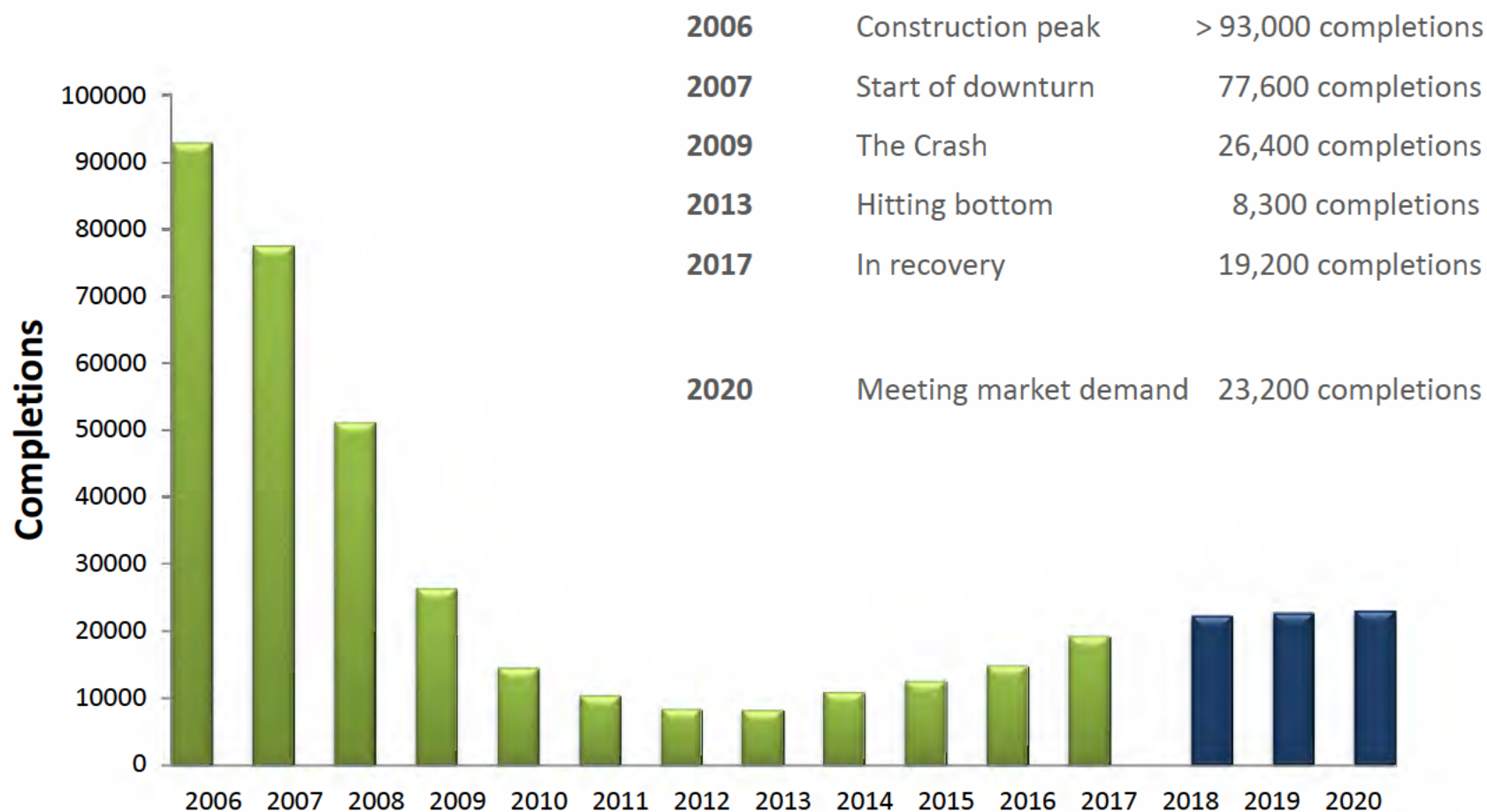
Ireland. Right place Right time

## ✕ Summary – Hugely Positive Trends

- + In 2017, new home completions reached 19,271 units, an increase of 132% compared to 2013
- + The median sales price for all buyer types and all property types was €355,250 in Dublin; €190,000 in Cork; €177,500 in Galway; €144,500 in Limerick; and €126,250 in Waterford
- + The average first-time-buyer working couple uses 21.2% of their net income to fund a mortgage in Ireland – this was 32% in 2007
- + In a bid to slow down the pace of rising residential rents, rent pressure zones were introduced by government. This limits annual rental growth to 4% in specific high demand areas
- + Average monthly rents in each city region vary as follows – Dublin at €1,422; Cork at €937; Galway at €940; Limerick at €795; and Waterford at €668
- + The number of units under construction is growing significantly with commencements up 34% year on year. This is expected to increase significantly following the publication of the new apartment design guidelines. Many developers paused projects in anticipation of the new design standards
- + The introduction of design standards for build-to-rent and shared accommodation/co-living should attract further institutional and professional landlords to the Irish property market
- + Government is undertaking a monthly review of the impacts of 'Rebuilding Ireland' and is committed to meeting the demand for new residential accommodation



## ✕ Housing Completions (2006-2017) & Future Needs (2018-2020)



Source: Dept. of Housing, Planning & Local Government, Lisney Residential Property, Irish City Regions report

# ✕ Government Policies - Residential Property Strategy

The Irish Government and regulatory bodies have introduced a number of policies in recent times relating to the housing market:-

## + Central Bank of Ireland Macro-Prudential Rules

The aim is to enhance the resilience of both borrowers and the banking sector, and to reduce the risk of spiralling house price due to easy access to finance

## + Rent Predictability Measures

The aim is to provide rent predictability, whereby rental increases in the designated areas were capped at 4% per annum for three years. Rents can only be reviewed every two years to market rates

## + Help-To-Buy

H-T-B provides an income tax rebate of 5% of the purchase price to first-time-buyers of a newly built homes

## + Ireland Strategic Investment Fund (ISIF)

In February 2018, ISIF committed funding to a new €75m investment vehicle that will provide loan finance to residential developers and builders working on smaller-scale projects in large urban areas

## + Rebuilding Ireland Home Loan

The Government has announced a new public mortgage scheme for first time buyers

## + Vacant Site Levy

Introduced to discourage land hoarding. The levy will commence in 2019 at a rate of 3% and increase to 7% for subsequent years. The levy should increase land availability and reduced land values

# ✕ Government Policies - Residential Property Strategy

## + Rebuilding Ireland

In July 2016, the Government introduced the 'Rebuilding Ireland' action plan to increase new home construction (to 25,000 units per annum) and improve the rental sector. Key initiatives include:

### + Local Infrastructure Housing Fund - €226m

€226m provided for infrastructure to open up key land banks and accelerate the delivery of housing

### + National Student Accommodation Strategy

The aim is to increase the number of student accommodation bed spaces to 21,000 by 2024

### + New Apartment Design Guidelines – March 2018

The new guidelines are designed to make apartment schemes viable and include statutory guidelines on the build-to-rent, shared and co-living sectors, critical for providing more rental accommodation

### + State Lands Initiative

The initiative requires state, semi-state and local authority lands suitable for (re)development for housing to be identified and listed publicly

### + Home Building Finance Ireland - €750m – 6,000 homes

Finance is now available at commercial rates for viable projects finding it difficult to source funding

### + Major Urban Housing Development Sites

23 sites identified as having potential to deliver housing units quickly through fast-track planning

### + Strategic Housing Development

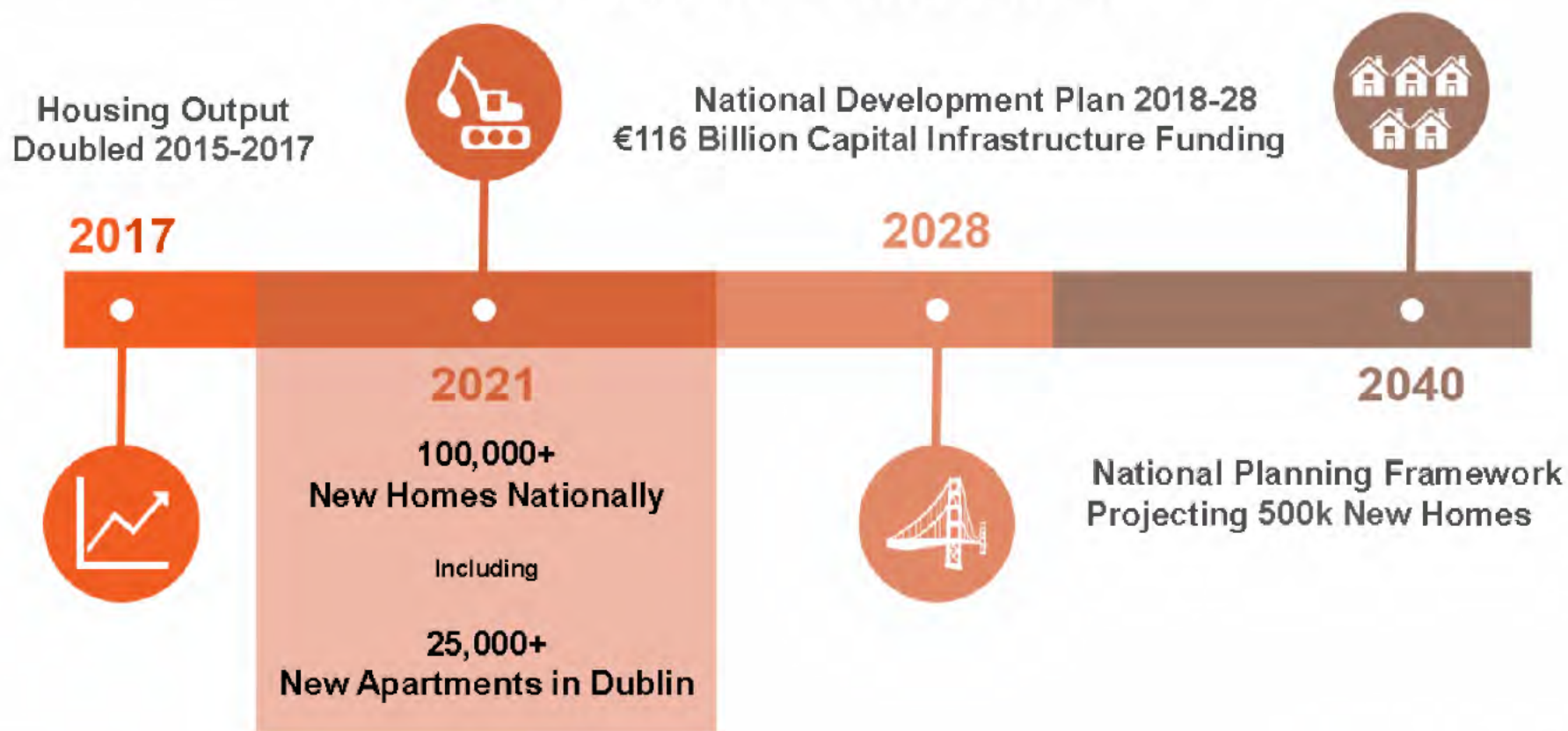
Government introduced a fast track planning system in July 2017 for schemes with more than 100 units

# ✕ National Planning Framework



Rialtas na hÉireann  
Government of Ireland

## Delivering on Commitments

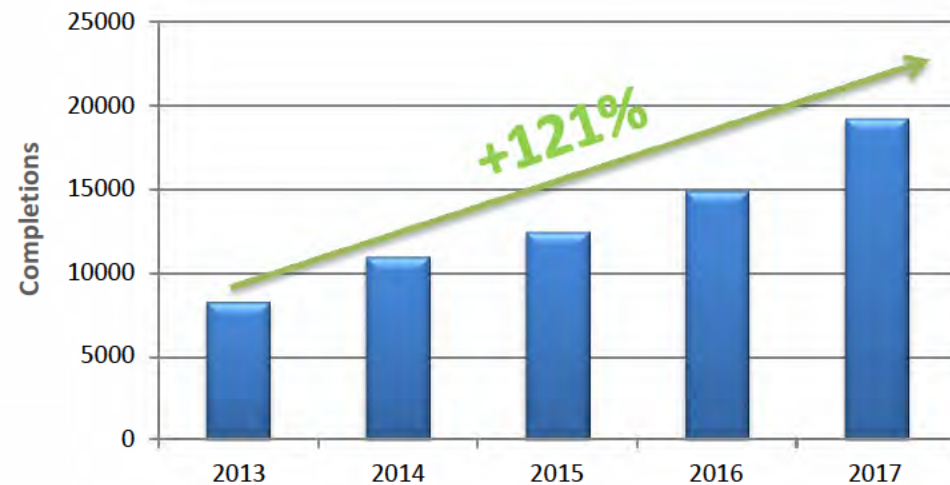




## ✕ Housing Progress

- + Strong growth in house building activity
- + Investment in new dwellings up 33% in 2017
- + Completions up 29% year on year in 2017
- + The pipeline of new houses is strong with:
  - Starts on new residential builds up 33% in 2017
  - Planning permissions granted for more than 18,000 homes in the year to the end of September 2017
  - 13 large scale planning applications submitted for fast-track planning between July and December 2017

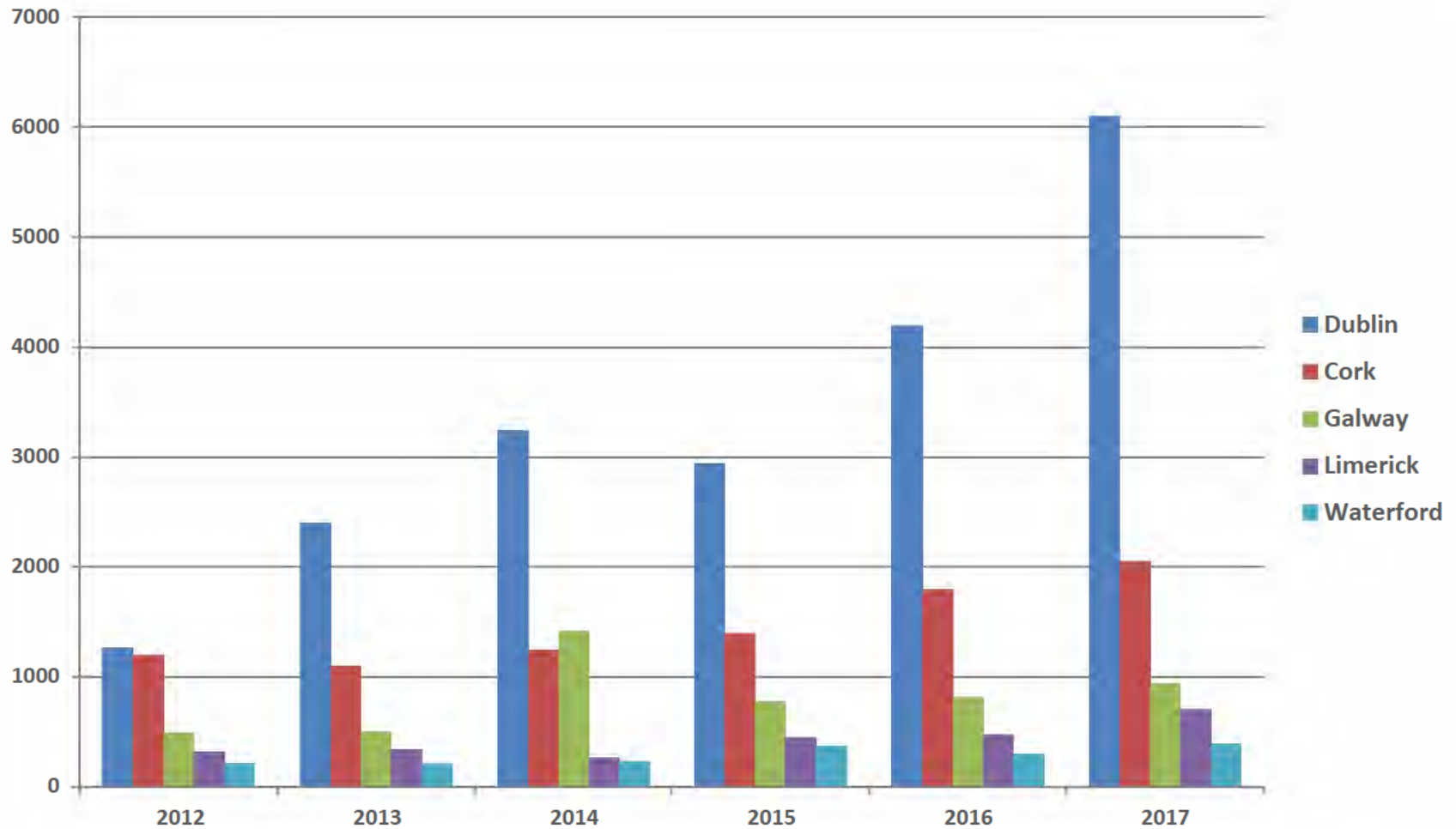
**Residential Construction Nationwide (2013-2017)**



*Source: Lisney, Department of Housing, January 2018; CSO, December 2017*

# ✕ Residential Construction Pipeline

## Completions 2012-2017



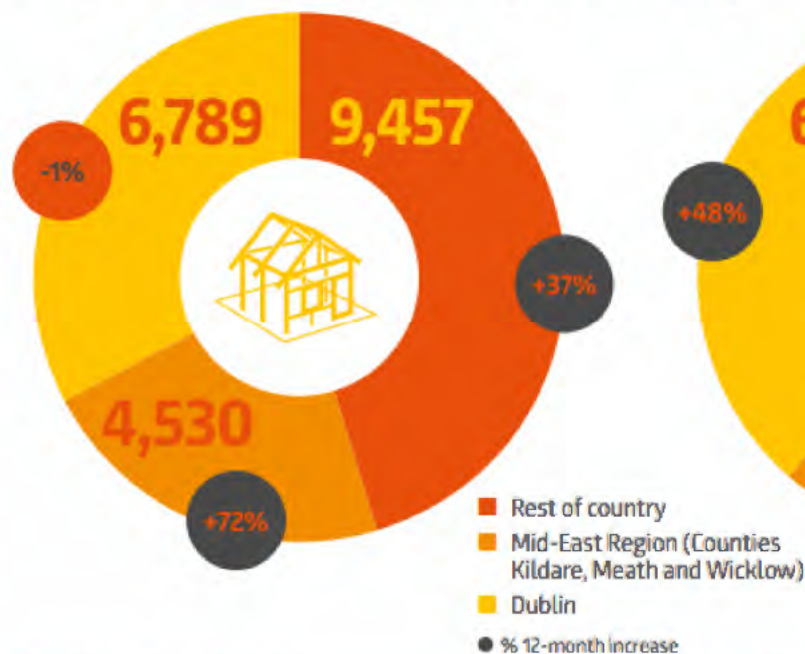
# ✕ Monthly Housing Activity Data

March 2018

## Planning Permissions Granted (Q4 2017)

Total nationwide units:

**20,776** (up 27% year on year)

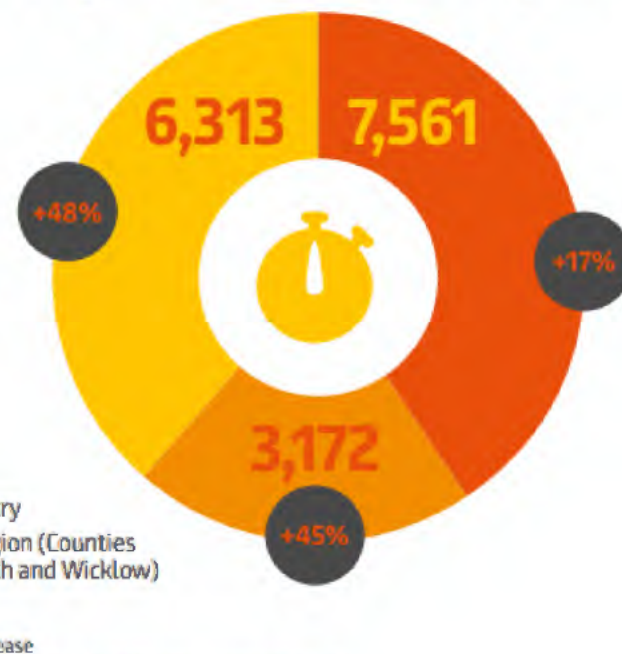


**Planning Permissions**  
- 12 month rolling total of number of units granted permission

## Commencement Notices (February 2018)

Total nationwide notices:

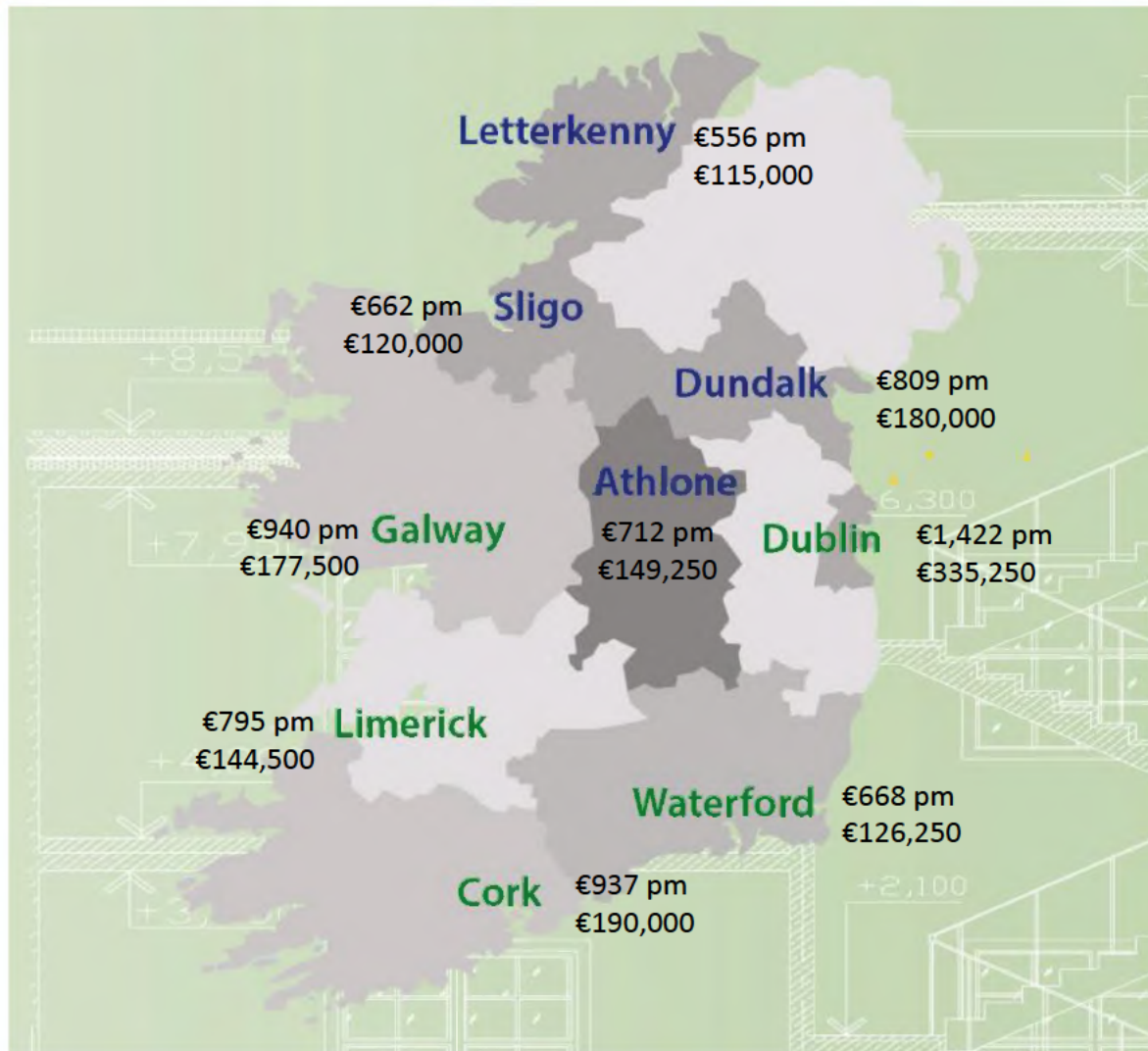
**18,544** (up 41% year on year)



**Total Units Commenced**  
- 12 Month Rolling Total

Source: rebuildingireland.com, Department of Housing, March 2018; CSO, December 2017

## ✕ Rent & Purchase Prices



Average Rent – Q4 2017  
Median Purchase Price – End Jan 2018

(Source: Lisney, Rent Tenancies Board)  
(Source: Lisney, CSO)

Rental Cost  
+6.4%  
year-on-year change

€1,054 pm  
on average nationally



Purchase Price  
+12.5%  
compared to Jan 2017

€230,000  
Moving 12 month  
median cost of dwelling  
Jan 2018

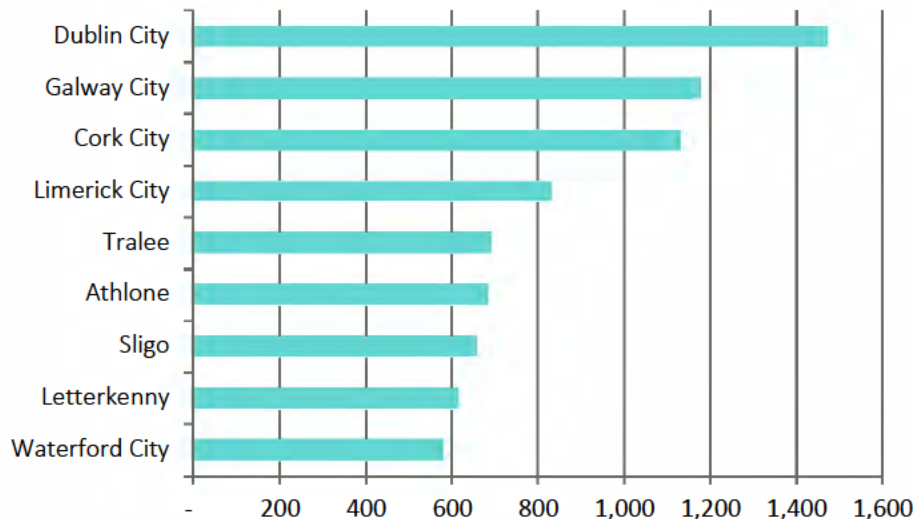


# ✕ International Perspective & Regional Opportunity

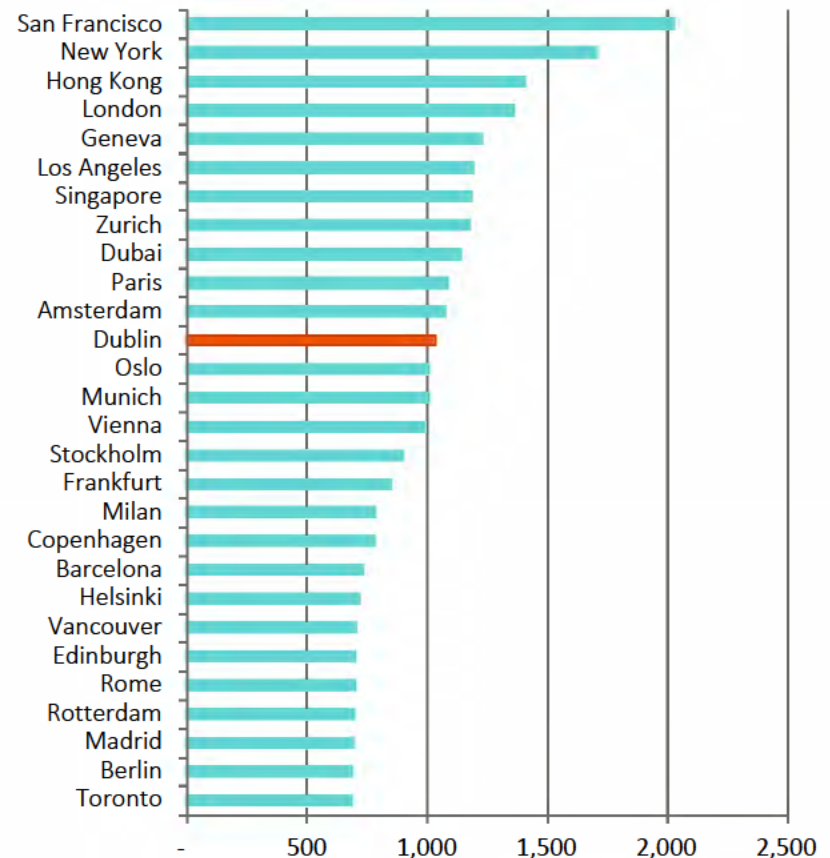
+ Housing challenges not unique to Ireland

+ Rent prices in regional locations in Ireland are very competitive

Standardised Average Rent Q3 2017 (€)



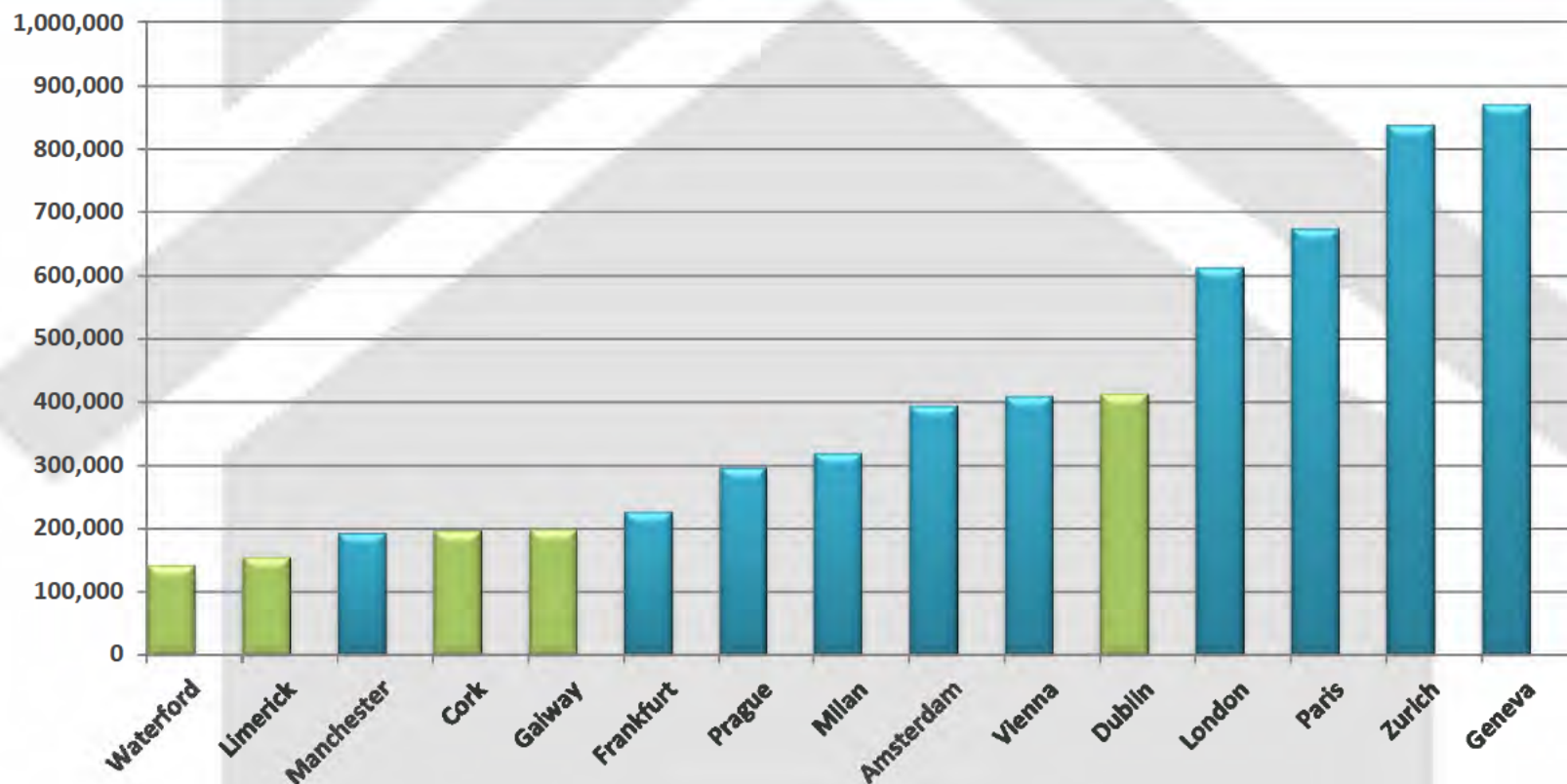
Monthly Rent (€) - 1 person apartment



Source: ESRI, November 2017; Residential Tenancies Board Rent Index Q3 2017;  
Nestpick 2017 Furnished Apartment Index - listings for one-bedroom furnished apartments with an area between 39m<sup>2</sup> and 45m<sup>2</sup>

# ✕ Ireland Cities v International Cities

## Average Residential Prices



***Regional cities compare exceptionally well to other competing cities, while Dublin is competitive compared to competing larger cities***

Source: Lisney Residential Property, Irish City Regions report



# Residential Property Market Key Messages



Strategic Property Division  
IDA Ireland

September 2018

Ireland. Right place Right time

## ✕ Summary – Hugely Positive Trends

- + In the 12 months ending Q2 2018, new home completions reached 16,274 units, an increase of 256% compared to 2013
- + The median sales price for all buyer types and all property types was €338,750 in Dublin; €197,000 in Cork; €177,500 in Galway; €152,500 in Limerick; and €130,900 in Waterford (12 months median to April 2018)
- + The average first-time-buyer working couple uses 21.2% of their net income to fund a mortgage in Ireland – this was 32% in 2007
- + In a bid to slow down the pace of rising residential rents, rent pressure zones were introduced by government. This limits annual rental growth to 4% in specific high demand areas
- + Average monthly rents in each city region vary as follows – Dublin at €1,436; Cork at €1,055; Galway at €1,061; Limerick at €821; and Waterford at €683
- + The introduction of design standards for build-to-rent and shared accommodation/co-living should attract further institutional and professional landlords to the Irish property market
- + Government is undertaking a monthly review of the impacts of 'Rebuilding Ireland' and is committed to meeting the demand for new residential accommodation



## ✕ Housing Completions (2006-Q1, 2018) & Future Needs (2018-2020)



Source: CSO, Dept. of Housing, Planning & Local Government, Lisney Residential Property, Irish City Regions report

# ✕ Government Policies - Residential Property Strategy

The Irish Government and regulatory bodies have introduced a number of policies in recent times relating to the housing market:-

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The aim is to enhance the resilience of both borrowers and the banking sector, and to reduce the risk of spiralling house prices due to easy access to finance

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### + Local Infrastructure Housing Fund - €226m

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### + National Student Accommodation Strategy

The aim is to increase the number of student accommodation bed spaces to 21,000 by 2024

### + New Apartment Design Guidelines – March 2018

The new guidelines are designed to make apartment schemes viable and include statutory guidelines on the build-to-rent, shared and co-living sectors, critical for providing more rental accommodation

### + State Lands Initiative & Establishment of the Land Development Agency

The initiative requires state, semi-state and local authority lands suitable for (re)development for housing to be identified and listed publicly. Government are currently progressing the establishment of the Land Development Agency

### + Home Building Finance Ireland - €750m – 6,000 homes

Finance is now available at commercial rates for viable projects finding it difficult to source funding

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23 sites identified as having potential to deliver housing units quickly through fast-track planning

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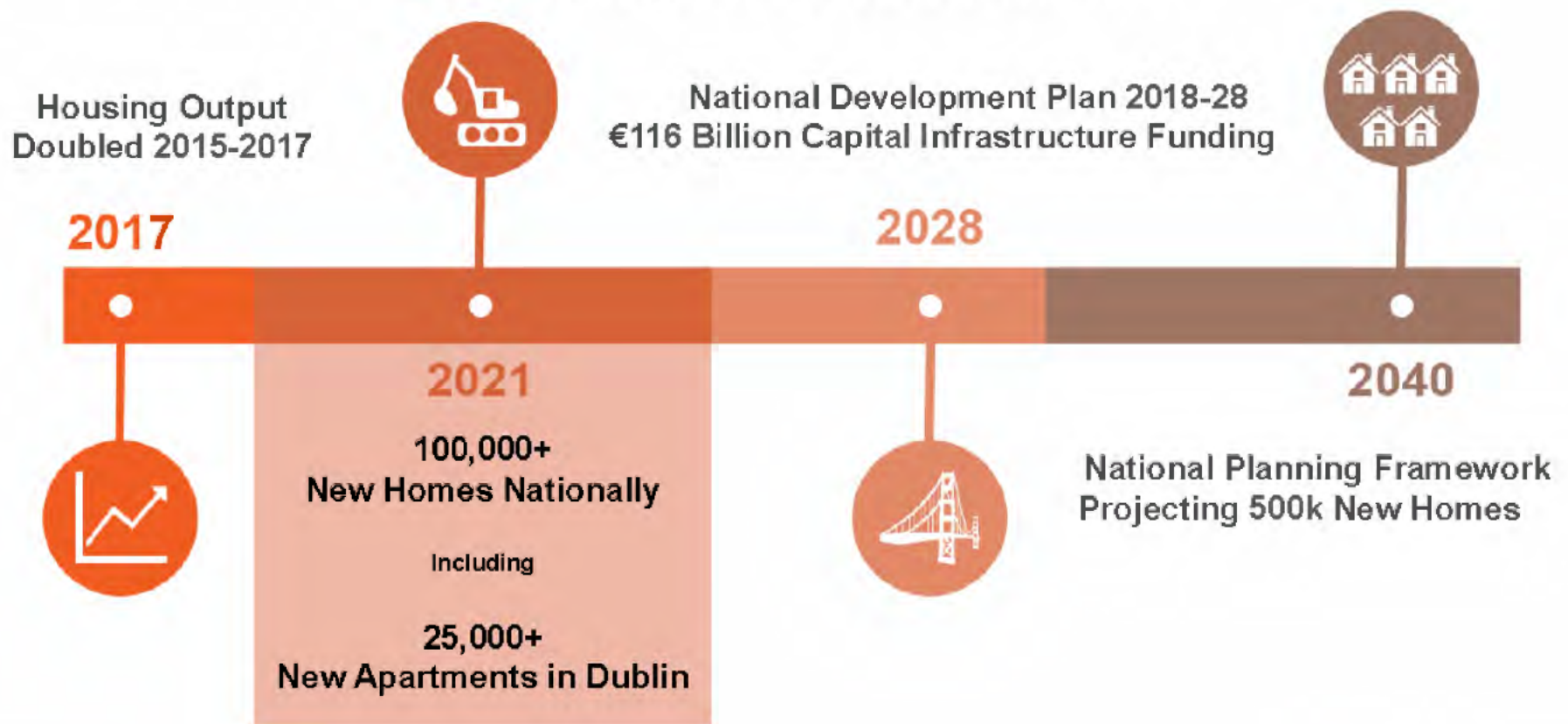
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# ✕ National Planning Framework



Rialtas na hÉireann  
Government of Ireland

## Delivering on Commitments

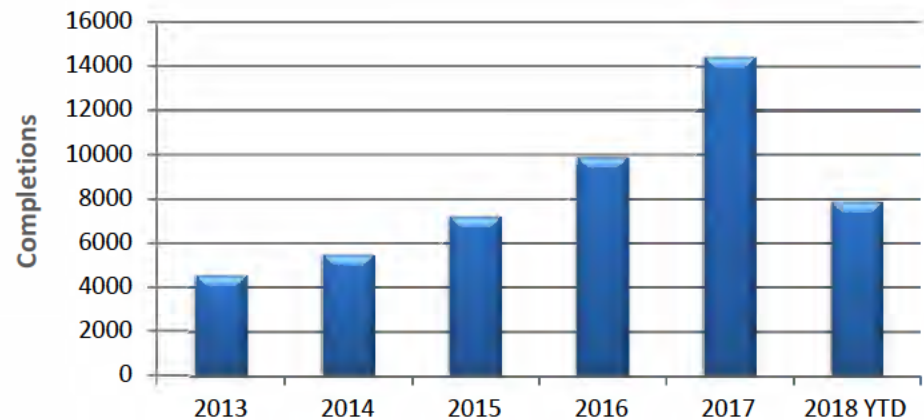




## ✕ Housing Progress

- + Strong growth in house building activity
- + Completions up 34.1%\*
- + The pipeline of new houses is strong with:
  - Starts on new residential builds up 14%\*
  - Planning permissions granted for more than 24,500 homes in the year to the end of Q1 2018 – increase of 37% annually
  - 17 large scale planning applications submitted for fast-track planning in Q1 2018

**Residential Construction Nationwide  
(2013- Q2 2018)**



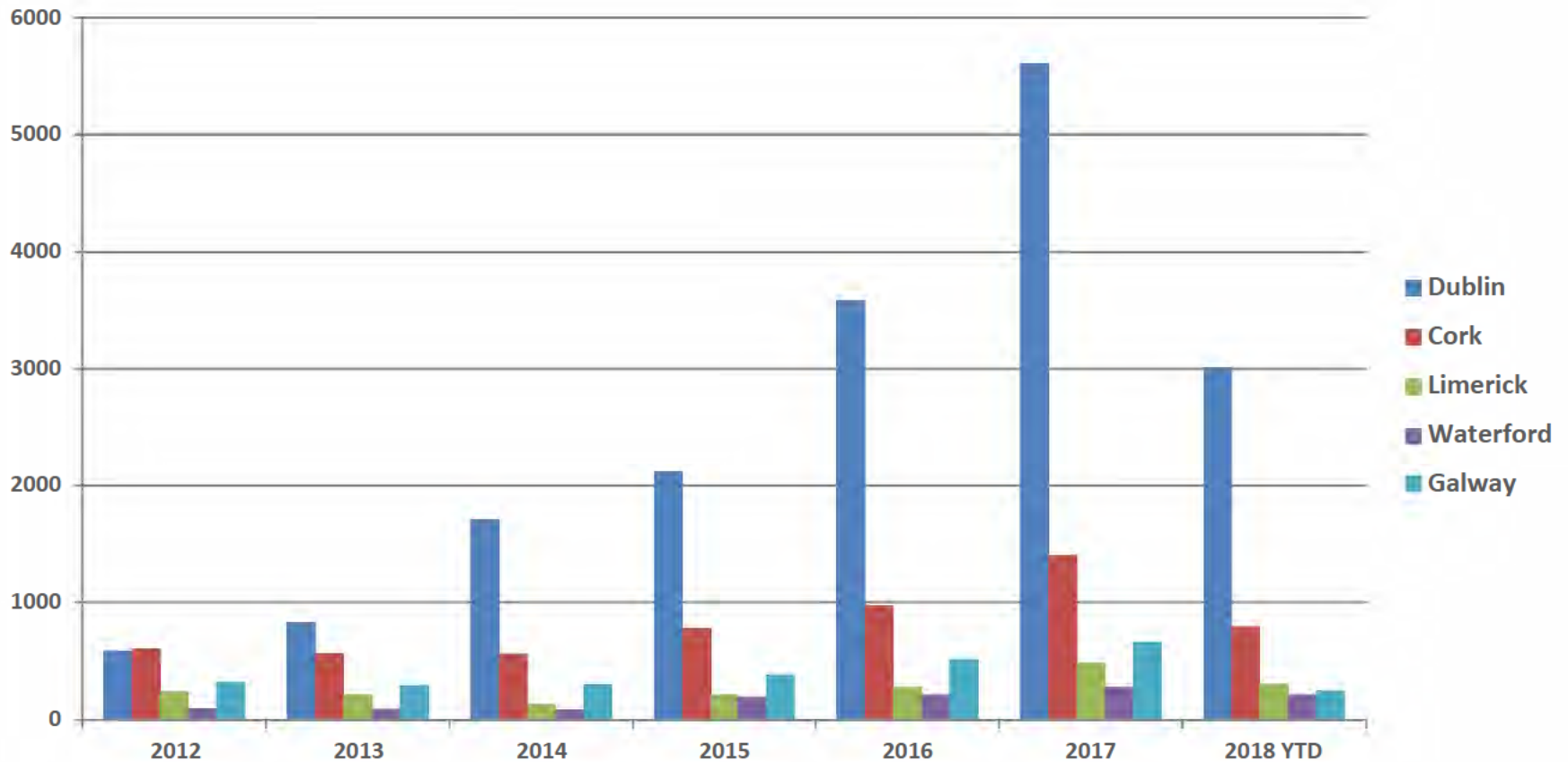
Source: Lisney, CSO Aug 2018

*\* 12 month rolling figures to end Q2 2018*

# ✕ Residential Construction Pipeline

## Completions 2012- Q2 2018

**Residential Completions 2012- Q2 2018**



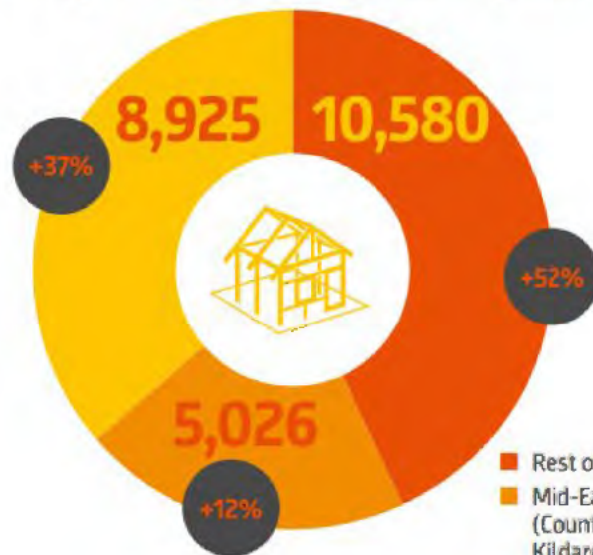
Source: CSO Aug 2018

# ✕ Monthly Housing Activity Data

July 2018

## Planning Permissions Granted (Q1 2018)

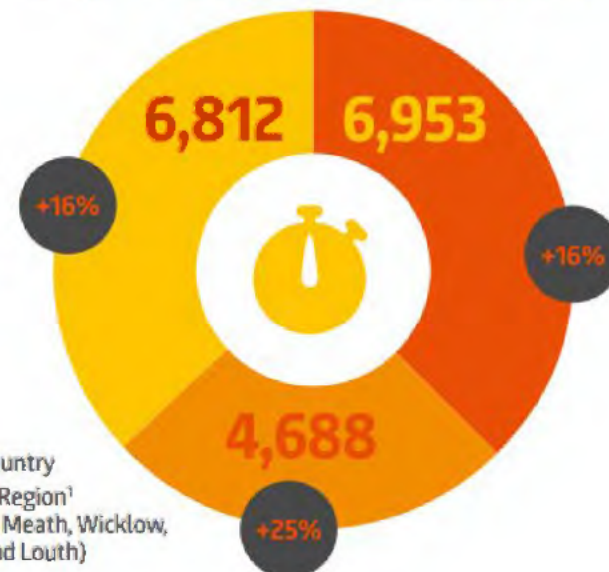
Total nationwide units:  
**24,531** (up 37% year on year)



**Planning Permissions**  
– 12 month rolling total of number of units granted permission

## Commencement Notices (May 2018)

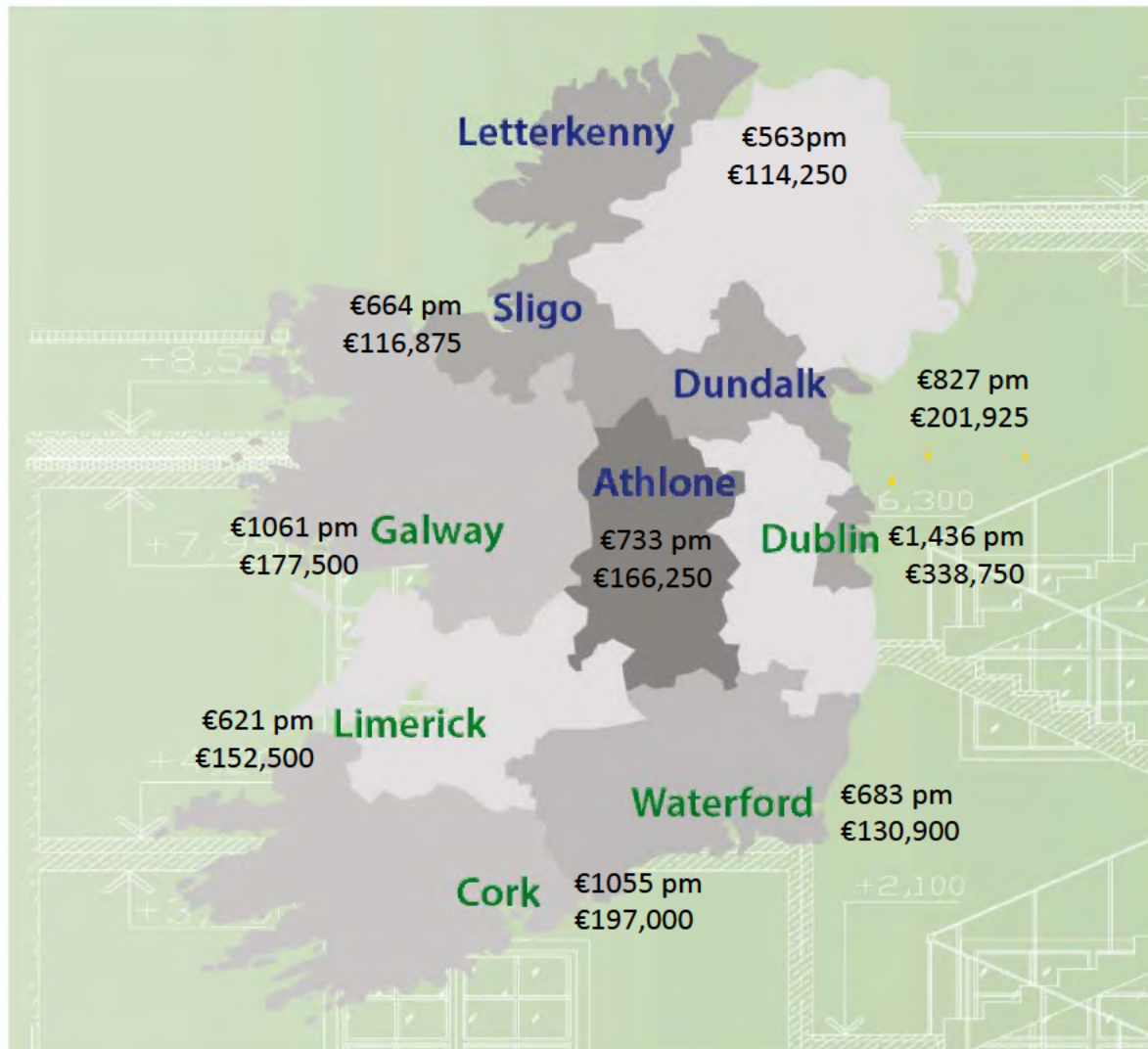
Total nationwide notices:  
**18,453** (up 18% year on year)



**Total Units Commenced**  
– 12 Month Rolling Total

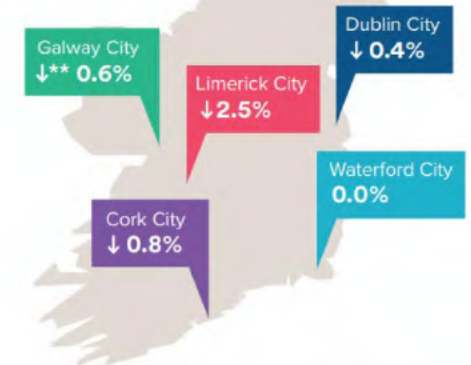
Source: [rebuildingireland.com](http://rebuildingireland.com), Department of Housing, March 2018; CSO, July 2018

# ✕ Rent & Purchase Prices



Rental Cost +7.1%  
year-on-year change ↑

€1,060 pm national average



Quarter-on-Quarter Change

\*\*Indicates quarter on quarter growth is down compared to Q4 2017

Purchase Price +13.3%  
compared to end Q2 2017



€238,000

Rolling 12 month median cost of dwelling (end Q2 2018)

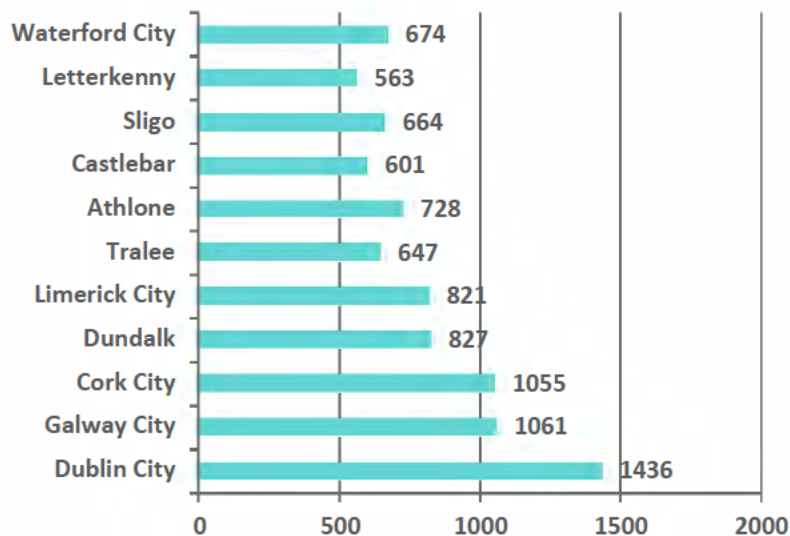


# ✕ International Perspective & Regional Opportunity

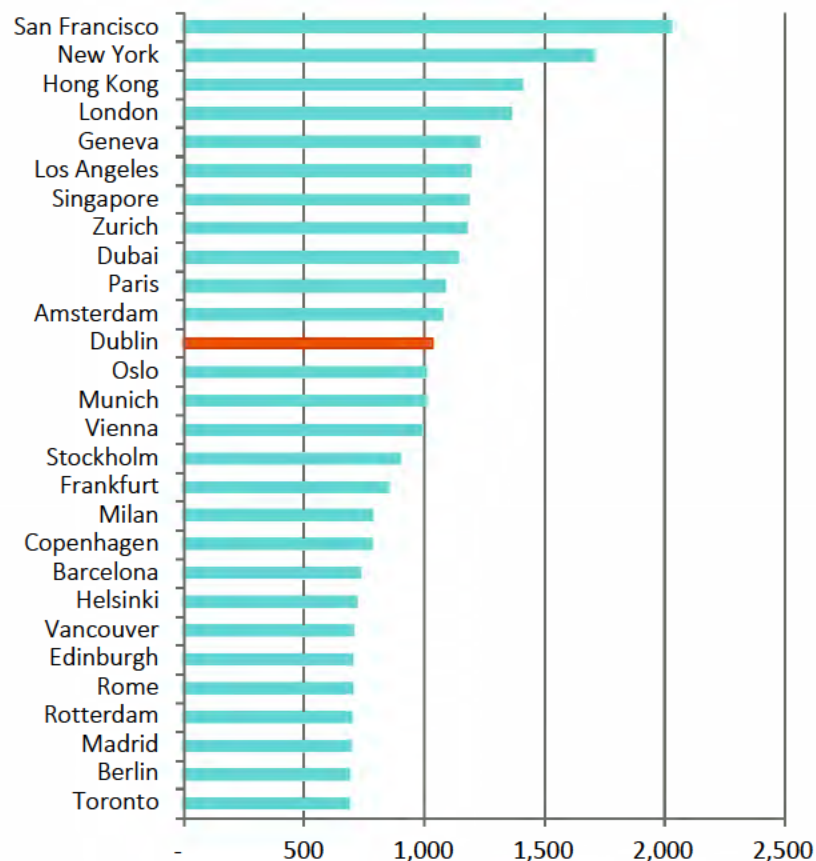
+ Housing challenges not unique to Ireland

+ Rent prices in regional locations in Ireland are very competitive

Standardised Average Rent - Q1 2018 (€)



Monthly Rent (€) - 1 person apartment



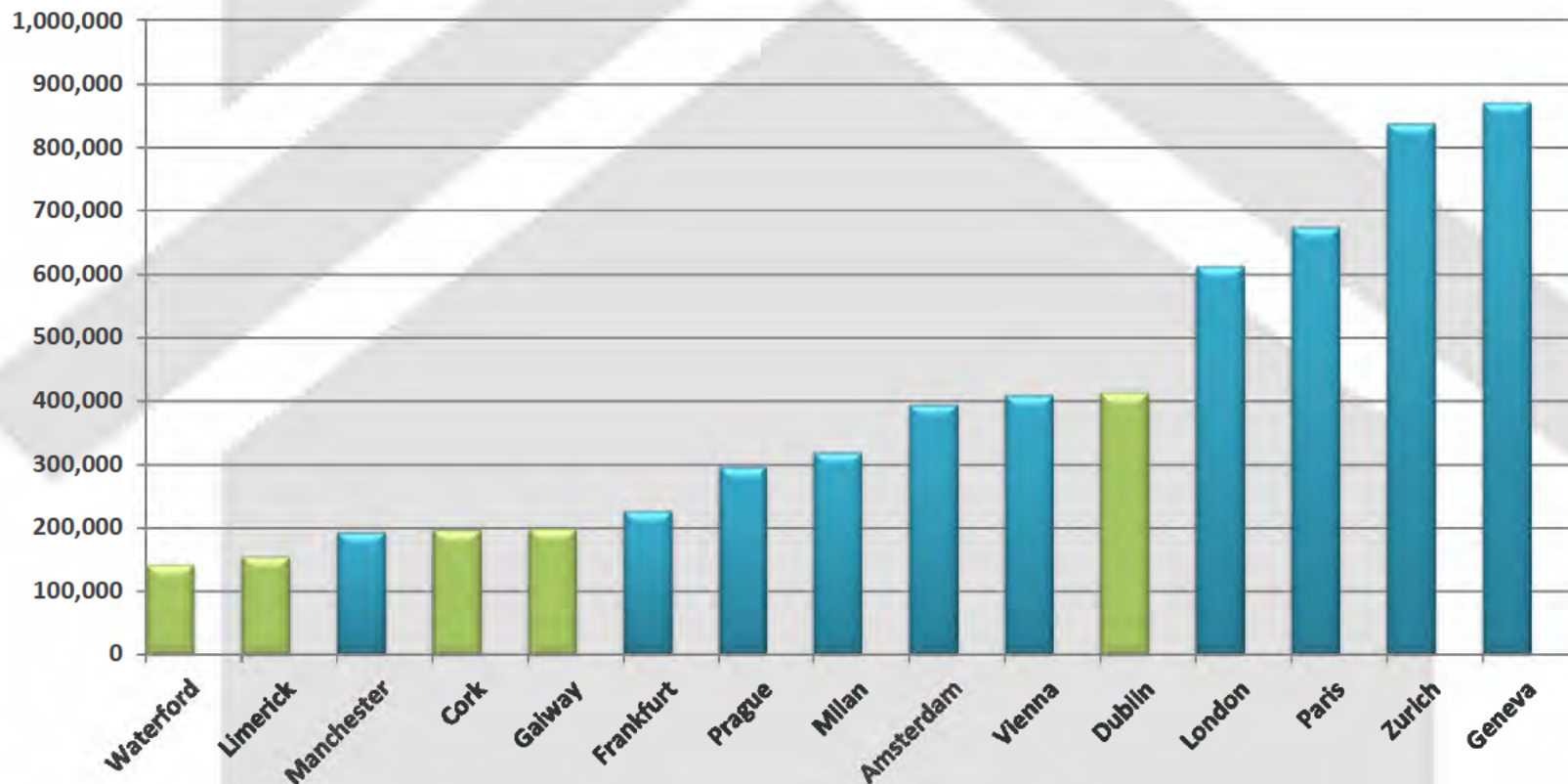
Source: Residential Tenancies Board Rent Index Q1 2018;

Nestpick 2017 Furnished Apartment Index - listings for one-bedroom furnished apartments with an area between 39m2 and 45m2

Ireland. Right place Right time

# ✕ Ireland Cities v International Cities

## Average Residential Prices



***Regional cities compare exceptionally well to other competing cities, while Dublin is competitive compared to competing larger cities***

Source: Lisney Residential Property, Irish City Regions report

## Office Market

### Take-up

- Office take-up in Dublin reached 80,309 sq metres during Q2 2018, bringing total take-up in the capital in the first six months of 2018 to 163,803 sq metres
  - The city centre accounted for 83% or 66,507 sq metres of office take-up in Dublin in Q2 2018 and 77% of lettings in the capital in the first half of the year
- 45 office transactions were signed in Dublin during Q2, of which 2 extended to more than 100,000 sq metres in size compared to 60 transactions signed in the first three months of 2018, although take-up was broadly similar in each quarter
- In total, pre-lets accounted for 41% of overall take-up in Dublin during the first six months of 2018 with 8 pre-letting transactions having signed in the period, 5 of which signed during Q2.
- Computer/technology companies accounted for 43% of take-up in Dublin in the first half of 2018
- Take-up by serviced offices was less than 1% in 2015, 3% in 2016, 6% in 2017 and 20% in Q1, 2018
- Key drivers for the increase are flexible lease terms and accounting benefits under IFRS 16

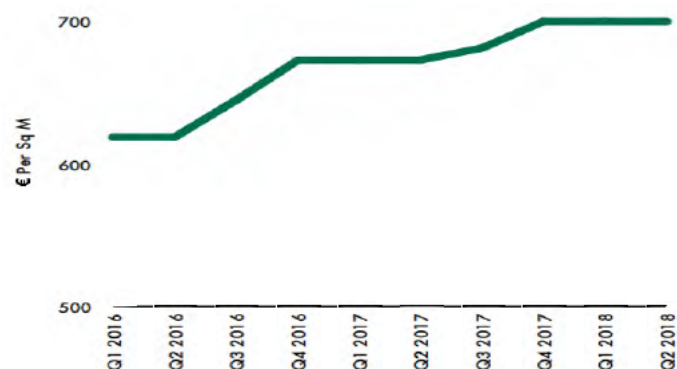
### Current Supply and Pipeline

- The overall vacancy rate has increased in the quarter from 7.1% to 8.5%. This is due to over 300,000 sq ft of new accommodation being delivered including the Seamark Building, 5 Hanover and 140 Pembroke Road.
  - Excluding accommodation already reserved, the vacancy rate drops to 6.9%. The overall city centre vacancy rate remains at 5.7%.
- 4.5 million sq. ft currently on site across 46 schemes. 42% of schemes on site have already tenants signed up
- 6.5 million sq.ft of development has planning permission but is not on site
- It is expected that 2020 will have the greatest number of office completion in Dublin. This is estimated to be approximately 6.3 million sq.ft
- Private equity capital represents 651% of developer pipeline

## Rents and Yields

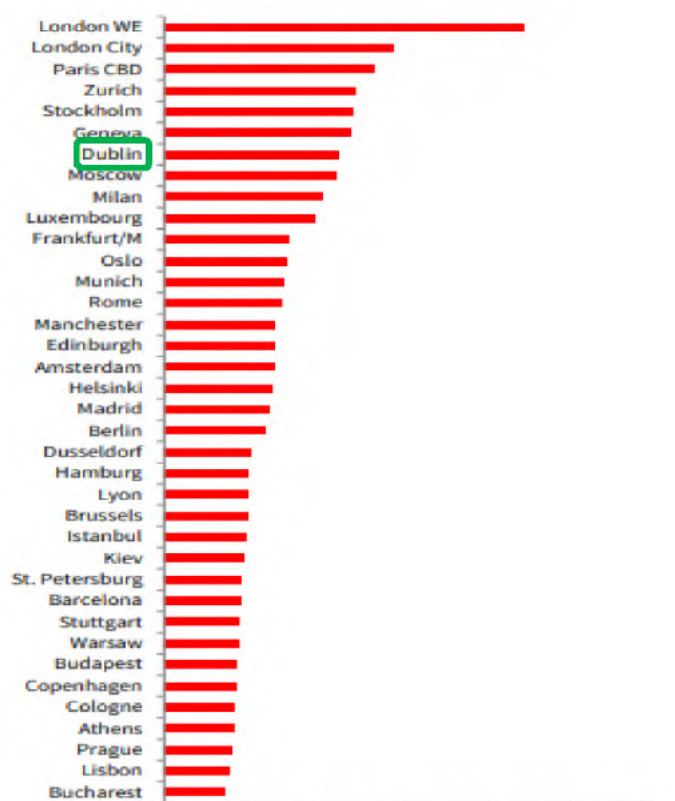
- Prime rents in Dublin city centre remain stable at €65 per sq ft (€700 per sq m) and remain competitive on a European stage

Figure 3: Prime Headline Dublin Office Rents Q4 2016 – Q2 2018



Source: CBRE, Q2 2018

Prime Office Rents Q2 2018 (EUR / sq m pa)



Source: JLL Office Property Index Q2 2018



### Regional Office Rents

- Prime rents in Galway city remained stable during quarter two, at €296 per sq m
- Prime rents in Corky have increased by 8% to €350 per sq m in the first half of 2018

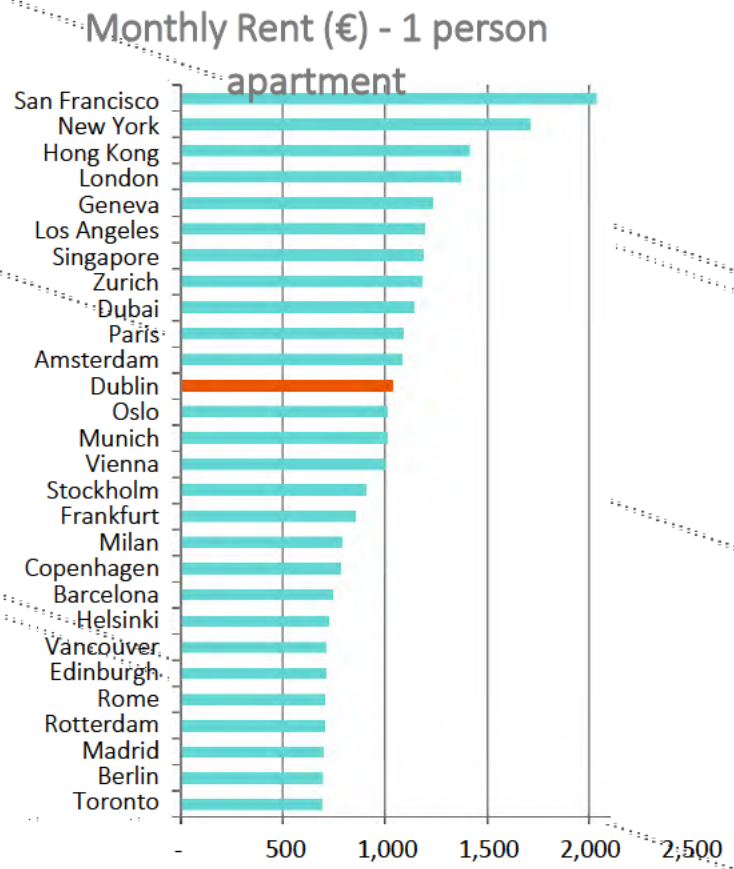
#### Sources:

- CBRE Dublin Office MarketView, Q2 2018
- JLL Office Property Clock Q2 2018
- JLL Dublin Office Market Report Q2 2018
- Cushman and Wakefield Galway Office Market, Q2 2018
- Cushman and Wakefield Cork Office Market, Q2 2018
- Savills - Skyline Survey 2018

## Residential Market

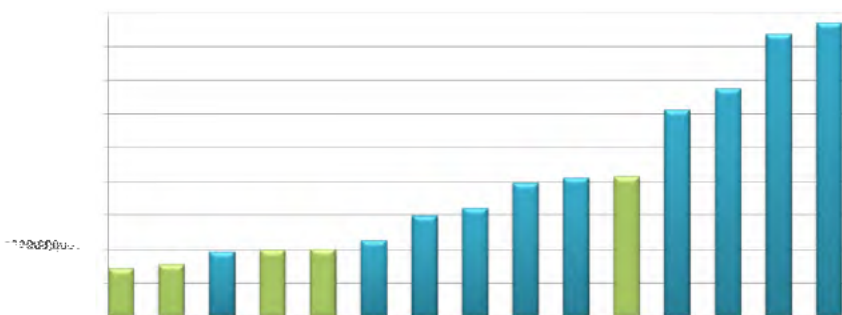
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- The median sales price for all buyer types and all property types was €338,750 in Dublin; €197,000 in Cork; €177,500 in Galway; €152,500 in Limerick; and €130,900 in Waterford (12 months median to April 2018)
- There was an increase of 34.1% in new home completions in Q2 2018 compared with the same period in 2017.
- Planning permissions were granted for more than 24,500 homes in the year to the end of March 2018, up 37% compared with the same period in 2017
- Commencement notices increased by 18% year on year as at May 2018.
- The average first-time-buyer working couple uses 21.2% of their net income to fund a mortgage in Ireland – this was 32% in 2007
- In a bid to slow down the pace of rising residential rents, rent pressure zones were introduced by government. This limits annual rental growth to 4% in specific high demand areas
- Average monthly rents in each city region vary as follows – Dublin at €1,436; Cork at €1,055; Galway at €1,061; Limerick at €821; and Waterford at €683
- The introduction of design standards for build-to-rent and shared accommodation/co-living should attract further institutional and professional landlords to the Irish property market
- Government is undertaking a monthly review of the impacts of 'Rebuilding Ireland' and is committed to meeting the demand for new residential accommodation

- Housing challenges are not unique to Ireland as shown in the figure below



Source: Nestpick 2017 Furnished Apartment Index - listings for one-bedroom furnished apartments with an area between 39m2 and 45m2

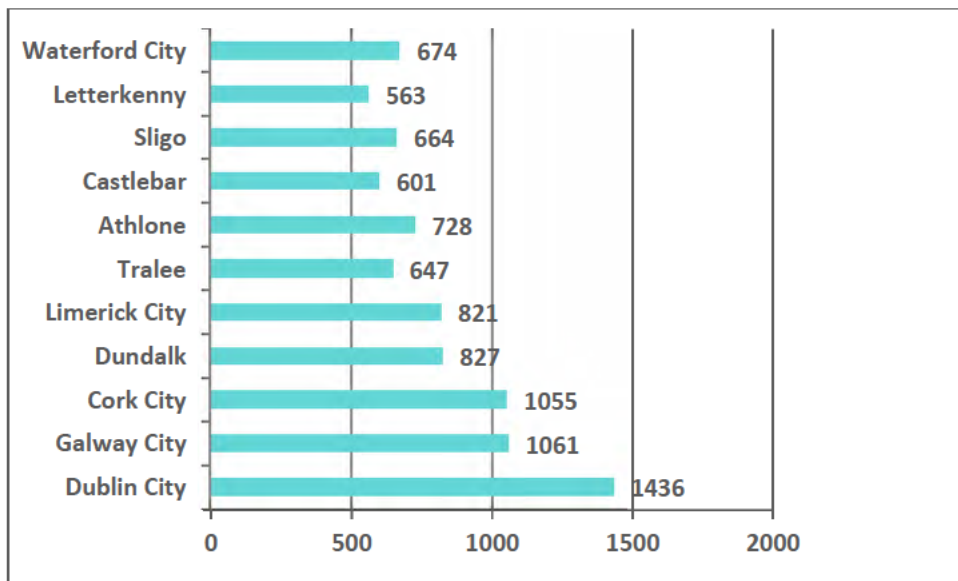
- Regional cities compare exceptionally well to other competing cities, while Dublin is competitive compared to competing larger cities in terms of average residential prices



Source: Lisney Residential Property, Irish City Regions report

## Dublin Office & Irish Residential Market Overview – September 2018

Standardised Average Rent - Q1 2018 (€)



Source: CSO, Rent Tenancies Board

# General Analysis - Dublin Housing Market

## Pricing

### Rental Cost

**+5.8%**  
year-on-year change



**€1,473 pm**  
across all Dublin locations

### Purchase Price

**+11.3%**  
compared to 2016

**€335,000**  
Median cost of dwelling



### Average Apartment Rents

1 Bed - **€1,169 pm**  
2 Bed - **€1,402 pm**

### Average House Rents

3 Bed Semi - **€1,362 pm**  
3 Bed Detached - **€1,571 pm**

## Demand

**7,710** new housing  
units required on  
average per year  
until 2029



projected population  
growth  
**2.5%** per year

## Sales

**13,389**  
transactions  
in 2017

5,152 in Dublin City



**+4.6%**  
compared  
to 2016



**€5.7 bn**  
in transactions  
in 2017



**+12.2%**  
compared  
to 2016



## Supply

### Availability

**3,777** 2<sup>nd</sup> hand properties  
**167** in CBD of which **89%** apartments

Completions  
**c.6,000**  
units completed

of which  
**66%** houses  
**34%** apartments

Commencements  
**7,393**

of which  
**51%** houses  
**49%** apartments

Planning Submitted  
for  
**10,752** units  
Jan-Sep 2017





# International Comparisons

# Irish Housing Policy

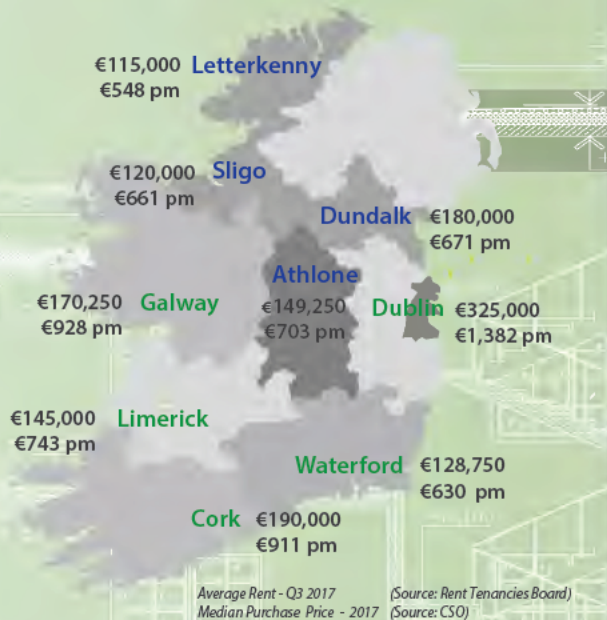


**Policies introduced recently by the Irish Government and regulatory bodies to help reduce the pace of growth and increase new home supply**

- Central Bank of Ireland Macro-Prudential Rules
- Rent Predictability Measures
- Help-to-Buy Incentive
- Ireland Strategic Investment Fund (ISIF)
- Rebuilding Ireland
  - Major Urban Housing Development Sites (MUHDS)
  - Local Infrastructure Housing Fund (LIHAF)
  - Strategic Housing Development (SHD)
  - National Student Accommodation Strategy
  - State Lands Initiative - Rebuilding Ireland Housing Land Map
  - Home Building Finance Ireland (HBFI)
- Ireland 2040 Our Plan - National Planning Framework (NPF)
- New Apartment Regulations
- Build-to-Rent
- Vacant Site Levy

# General Analysis - Irish Housing Market

## Pricing



### Rental Cost

**+9.5%**  
year-on-year change



### Purchase Price

**+15.3%**  
compared to 2016

**€1,056 pm**  
on average nationally

**€229,950**  
Median cost of dwelling

As of Q3, 2017 average rent exceeded **€1,000** per month in **5 counties**

DUBLIN  
CORK  
GALWAY  
KILDARE  
WICKLOW

## 2017

- c. **500** new schemes underway nationally
- Property prices remain **24%** below peak levels
- c. **23,000** second-hand homes available - up **40%** on lowest levels reached in Q4 2016
- Construction of new homes up **117%** since 2013

## Sales

**40,785**  
transactions  
in 2017



**+2.5%**  
compared  
to 2016



**€11.2 bn**  
in transactions  
in 2017



**+12.7%**  
compared  
to 2016

## Demand

**27,250**  
new housing units  
required on average  
per year  
until 2029



projected population  
growth

**2.5%** per year

## Supply

Completions  
**c. 18,000**  
units completed

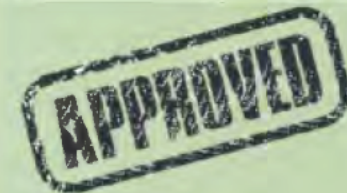
of which  
**85%** houses  
**15%** apartments

Commencements  
**17,572**

increase of  
**45%**  
year on year

Planning Permission  
granted for

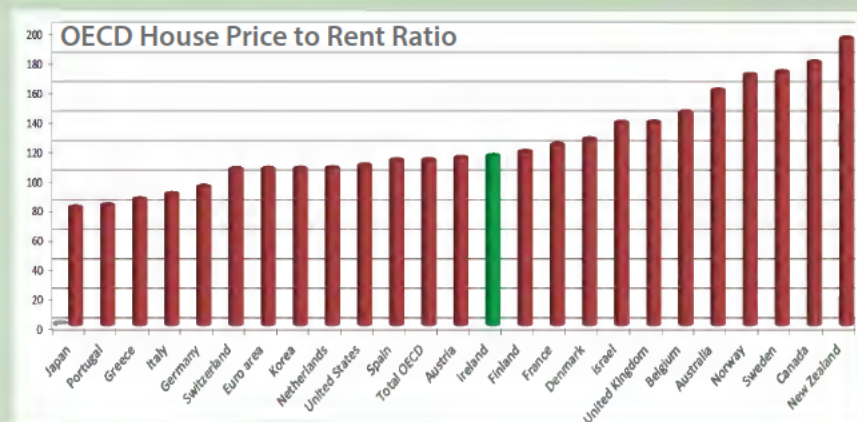
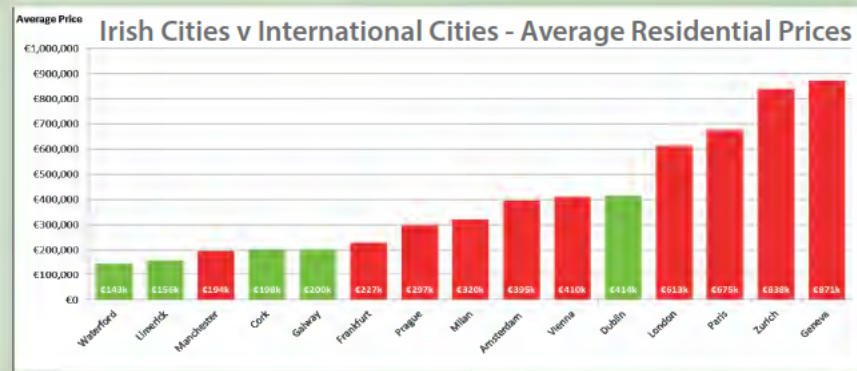
**13,842** units  
Jan-Sep 2017





# International Comparisons

# Irish Housing Policy



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